

FORTIETH ANNUAL REPORT 2014



SUNDARAM BRAKE LININGS LIMITED

BOARD OF DIRECTORS

K Mahesh
Chairman
K Ramesh - Director
T Kannan - Director
P S Raman - Director
Ashok V Chowgule - Director
K S Ranganathan - Director
K S D Sambasivam - Director
Krishna Mahesh - Managing Director

BOARD'S SUB-COMMITTEES**1. AUDIT COMMITTEE**

T Kannan - Chairperson
P S Raman
Ashok V Chowgule
K S Ranganathan
K S D Sambasivam

2. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Ashok V Chowgule - Chairperson
T Kannan
K Mahesh

3. NOMINATION & REMUNERATION COMMITTEE

K S Ranganathan - Chairperson
Ashok V Chowgule
K S D Sambasivam

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

K S D Sambasivam - Chairperson
K S Ranganathan
Krishna Mahesh

SENIOR MANAGEMENT

R Ramasubramanian - President
G R Chandramouli - President (Marketing & Market Development)
S Ramabadran - Financial Controller & Secretary and Compliance Officer

BANKERS

State Bank of India
Industrial Finance Branch, Chennai 600 002
Export-Import Bank of India
UTI House, 29, Rajaji Salai, Chennai - 600 001
HDFC Bank Ltd.
ITC Centre, Anna Salai, Chennai - 600 002

STATUTORY AUDITORS

Sundaram & Srinivasan
Chartered Accountants
No. 23, C.P. Ramaswamy Road
Alwarpet, Chennai 600 018

COST AUDITORS

Raman & Associates
Cost Accountants
10, Muthukumaraswami Salai
Off. 1st Main Road, Baby Nagar
Velachery, Chennai 600 042.

SECRETARIAL AUDITOR

V Suresh
Practising Company Secretary
28, 1st Floor, Ganapathy Colony,
3rd Street, Teynampet, Chennai 600 018.

REGISTERED OFFICE

180 Anna Salai, Chennai 600 006.

FACTORIES

Padi, Chennai 600 050
Phone Nos. 42205300, 42205407
Fax No. 044 - 42205572
E-Mail : sbl@tvssbl.com
TSK Puram - Plant I & II
Mustakurichi Post, Kamarajar District
Pin code 626 106
Phone Nos. 04566 - 250290 to 250295
Plant 4 & 5 - Mahindra World City (SEZ)
Natham Sub-Post, Chengalpet
Kancheepuram District, Pin code 603 002
Phone No. 044 - 47490005

SHARE DEPARTMENT

At Factory Office
PADI, CHENNAI - 600 050
Phone No. 42205300, 42205407
E-Mail : finance@tvssbl.com

WEBSITE:

www.tvssbrakelinings.com

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HIGHLIGHTS OF FIVE YEAR PERFORMANCE

Rs in lacs

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1 Sales & Other income	20,046	23,747	25,638	23,271	24,913
2 Export Sales	7,506	8,126	8,366	8,742	11,113
3 Profit before int, depn and Tax	2,336	2,431	2,264	669	776
4 Profit before extraordinary / exceptional item & tax	1,523	1,528	1,116	(411)	(328)
5 Profit after tax	617	630	56	(441)	(522)
6 Net fixed assets	7,181	8,522	8,803	8,608	8,715
7 Share capital	393.46	393.46	393.46	393.46	393.46
8 Reserves & Surplus	8,862	9,309	9,228	8,787	8,266
9 Net worth	9,255	9,702	9,622	9,181	8,659
10 Return on Net Worth (RONW) - PAT/Networth	6.7%	6.5%	0.6%	-4.8%	-6.0%
11 Return on Avg. Capital Employed (ROCE)	8.1%	8.6%	1.9%	-0.6%	1.7%
12 Cash earnings per share (Rs)	32.36 @	32.09	20.81	8.62	7.35
13 Earnings per share (Rs.)	16.49 @	16.01	1.44	(11.20)	(13.26)
14 Dividend per share (Rs)	4.00	4.00	3.00	-	-
15 Book value per share (Rs)	235.23 @	246.59 *	244.54 *	233.34 *	220.08 *
16 Sundry Debtors - No. of days	72	71	67	73	78
17 Turnover/Avg Inventory (Times)	18.7	19.3	16.6	10.9	10.3
18 Current Ratio	1.73	1.72	1.49	1.47	1.32
19 R & D Expenses - as % on Net Income	2.0%	1.3%	1.4%	2.7%	3.2%
20 Debt-Equity Ratio (=Total debts / Networth)	0.32	0.38	0.30	0.31	0.33

@ Calculated based on Weighted average number of Equity Shares & considering the adjustment factor for the bonus element in Rights Issue for FY 2009-10.

* Calculated on the expanded capital of 39,34,575 equity shares for FY 2010-11 to 2013-14.

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fortieth Annual General Meeting of the Company will be held at Rani Seethai Hall, No. 603, Anna Salai, Chennai - 600 006 on **Friday , the 1st August 2014, at 10.00 A.M.** to transact the following business:

ORDINARY BUSINESS:

1. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:
"RESOLVED THAT the Audited Balance Sheet as at 31st March 2014, the Profit & Loss Account for the year ended 31st March 2014 , Cash Flow Statement for the year ended 31st March 2014 and the Report of the Directors and the Auditors of the Company, be and are hereby approved and adopted."
2. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:
"RESOLVED THAT Mr K Ramesh, Director, who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a Director of the Company."
3. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:
"RESOLVED THAT as per the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules 2014, Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai having registration number-004207S, liable to retire at this Annual General Meeting, be and are hereby re-appointed as Statutory Auditors of the Company for transitional period of three consecutive years from the conclusion of this Annual General Meeting subject to ratification by members at every annual general meeting, on remuneration of Rs.7,50,000/- in addition to service tax, traveling and other out-of-pocket expenses actually incurred by them in connection with audit.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution:
"RESOLVED THAT pursuant to provision of Section 149(10) of the Companies Act, 2013, Mr T Kannan, who holds office up to the date of this annual general meeting, and in respect of whom the company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013 along with deposit of Rs.1 lakh signifying his intention to propose the appointment of Mr T Kannan as an Independent Director, be and is hereby appointed as Independent Director for a period of consecutive term of 5 years from the date of this general meeting."
5. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution:
"RESOLVED THAT pursuant to provision of Section 149(10) of the Companies Act, 2013, Mr. P S Raman, who holds office up to the date of this annual general meeting, and in respect of whom the company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013 along with deposit of Rs.1 lakh signifying his intention to propose the appointment of Mr P S Raman as an Independent Director, be and is hereby appointed as Independent Director for a period of consecutive term of 5 years from the date of this general meeting."
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution:
"RESOLVED THAT pursuant to provision of Section 149(10) of the Companies Act, 2013, Mr Ashok V Chowgule, who holds office up to the date of this annual general meeting, and in respect of whom the

company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013 along with deposit of Rs.1 lakh signifying his intention to propose the appointment of Mr Ashok V Chowgule as an Independent Director, be and is hereby appointed as Independent Director for a period of consecutive term of 5 years from the date of this general meeting."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution:

"RESOLVED THAT, pursuant to provision of Section 149(10) of the Companies Act, 2013, Mr K S Ranaganathan, who holds office up to the date of this annual general meeting , and in respect of whom the company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013 along with deposit of Rs.1 lakh signifying his intention to propose the appointment of Mr K S Ranganathan as an Independent Director, be and is hereby appointed as Independent Director for a period of consecutive term of 5 years from the date of this general meeting."

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution:

"RESOLVED THAT, pursuant to provision of Section 149(10) of the Companies Act, 2013, Mr K S D Sambasivam , who holds office up to the date of this annual general meeting , and in respect of whom the Company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013 along with deposit of Rs.1 lakh signifying his intention to propose the appointment of Mr K S D Sambasivam as an Independent Director, be and is hereby appointed as Independent Director for a period of consecutive term of 5 years from the date of this general meeting."

9. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special resolution.

"RESOLVED THAT in supersession of the ordinary resolution passed by the shareholders in the 35th Annual General Meeting of the Company held on 12th August 2009, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the Board) under Section 180(1)(c) of the Companies Act, 2013, and all other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof, for the time being in force) and the Articles of Association of the Company, for borrowing, from time to time, as it may consider fit, any sum or sums of moneys from any person, whether or not the moneys so borrowed together with the moneys already borrowed by the Company and remaining outstanding at any one time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose provided that the total amount so borrowed and outstanding at any one time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs.100 crores (Rupees one hundred crores only) and that the Board be and is hereby empowered and authorized to arrange and fix the terms and conditions of all such moneys to be borrowed, from time to time, as to interest, repayment, security or otherwise as it may think fit."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or a duly constituted committee thereof, be and is hereby authorized to finalise, settle and execute such documents /deeds / papers / agreements, as may be required and to do all such acts, deeds, matters and things, as it may in its discretion deem necessary, proper or desirable and to settle any question , difficulty or doubt that may arise in this regard."

10. To consider, and if thought fit, to pass, with or without modification, the following resolution as a Special resolution.

"RESOLVED THAT consent of the Company be and is hereby accorded, pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or

re-enactment there of, for the time being in force) to the Board of Directors of the Company (hereinafter referred to as the "Board") to create security by way of mortgage and / or charge or otherwise in respect of all or any part of the Company's undertaking(s) / immovable properties and fixed assets including lands, buildings, plant and machineries, both present and future and a floating charge over the whole or any part of the undertaking(s) of the Company including moveable / current assets to secure the repayment of loan(s) (in foreign currency and / or rupee currency) and securities (comprising fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and /or secured premium notes and / or floating rates notes / bonds or other debt instruments) borrowed or issued by the Company from time to time, to or in favour of banks, trustees and /or financial institutions/other entities in such manner and or such terms and conditions as the Board may think fit, together with interest at the respective agreed rates, additional interest, commitment charges, premia on prepayment or on redemption, costs, charges and expenses, and all other monies payable by the Company in terms of loan agreement(s), heads of agreement(s), debenture trust deed, security or other document(s) entered into by the Company in respect of the foregoing."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or a duly constituted committee thereof, be and is hereby authorized to finalise, settle and execute such documents / deeds / papers / agreements, as may be required and to do all such acts, deeds, matters and things, as it may in its discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating a mortgage and / or charge as aforesaid."

11. To consider, and if thought fit, to pass, with or without modification, the following resolution as a Special resolution.

"RESOLVED THAT pursuant to Section 14(1) and other applicable provisions of the Companies Act, 2013 and subject to such other approvals, consents and approvals as may be required in this regard, the following existing article in the Articles of Association of the Company be and is hereby amended."

Existing Article 41(g) :

The Board may elect a Chairman of its meetings and determine the period for which he is to hold office.

Amended as :

Article 41(g)

The Board may elect a Chairman of its meetings and determine the period for which he is to hold office. Further that Managing Director may be appointed by the Board as its Chairman.

(On behalf of the Board)

Madurai
May 26, 2014

K MAHESH
Chairman and Managing Director

Annexure: Explanatory Note

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 26th July 2014 to 1st August 2014 (both days inclusive) for annual closing and for the purpose of Annual General Meeting. The cut-off date for determining voting rights for e-Voting on resolutions that will be listed for Annual General Meeting will be 27th June 2014.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED**

NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

4. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs.1,84,075/- and Rs.1,99,850/- being the unpaid and unclaimed dividend amount pertaining to 2nd Interim Dividend for Financial Year 2005-06 and 1st Interim Dividend for Financial Year 2006-07 on 5th June 2013 and 22nd February, 2014 respectively to the Investor Education and Protection Fund of the Central Government.

The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2006, as on the date of the 39th Annual General Meeting (AGM) held on 1st August 2013, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.tvstrakelinings.com.

5. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
7. Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.
8. Electronic copy of the Notice of the 40th Annual General Meeting of the Company *inter alia* indicating process and manner of e-Voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 40th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
9. Members may also note that the Notice of the 40th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website www.tvstrakelinings.com for their download. The physical copies of the aforesaid documents will also be available at the Company's office in Padi, Chennai-600050 for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investor@tvssbl.com.

10. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 40th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-Voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company / Depository Participant(s)]:
- (i) Open email and open PDF file viz; "SBL e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password / PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - (vii) Select "EVEN" of SUNDARAM BRAKE LINING LIMITED.
 - (viii) Now you are ready for e-Voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to vsscrtinizer@gmail.com or evoting@tvssbl.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company / Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM :
EVEN (E Voting Event Number) USER ID PASSWORD / PIN
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com
- III. If you are already registered with NSDL for e-Voting then you can use your existing user ID and password / PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-Voting period commences on 26th July, 2014 (9:00 am) and ends on 28th July, 2014 (6:00 pm).
-

During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 27th June, 2014, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 27th June, 2014.
- VII. Mr V Suresh, Practising Company Secretary holding certificate of practice number 6032 issued by Institute of Company Secretaries Of India, has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IX. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website **www. tvsbrakelinings.com** and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the NSE/MSE/& BSE.
11. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
12. In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of the Directors, who are proposed to be re-appointed / appointed in this meeting, nature of their expertise in specific functional areas, their other Directorships and committee memberships, their shareholdings and relationships with other Directors of the Company, are given below:

Mr K Ramesh

Mr K Ramesh, born on 17th February 1939, is on the Board of Directors of the Company since November 1982. He holds a degree in Master of Arts. He has managerial experience of over 50 years. He took his initial management training in T.V.Sundram Iyengar & Sons Limited.

Mr K Ramesh holds 1,10,081 equity shares in the Company and is related to Mr K Mahesh, Chairman & Managing Director, as his brother.

The other Directorships / Membership of Mr K Ramesh are as follows:

Directorship	Committee Membership
<p>As Chairman:</p> <ul style="list-style-type: none"> * Sundaram Textiles Limited * T.V.S. Sewing Needles Limited <p>As Chairman & Managing Director :</p> <ul style="list-style-type: none"> * Southern Roadways Limited <p>As Director :</p> <ul style="list-style-type: none"> * T.V.Sundram Iyengar & Sons Limited * Sundaram Industries Limited * Sundram Fasteners Limited 	

SUNDARAM BRAKE LININGS LIMITED

Mr T Kannan

Mr T Kannan, born on 9th May 1953, is on the Board of Directors of the Company since 1999. He is a graduate in Business Administration. He is presently the Chairman of VTM Limited (formerly known as Virudhunagar Textile Mills Limited) and Managing Director of Thiagarajar Mills (P) Limited and Director of several companies. He is connected with a number of organizations related to Industry, Education and Charity. He was the past Chairman of Confederation of Indian Industry (CII) for Southern Region. He has a wide range of experience in textile industry. He is an Executive Committee Member of the Cotton Textile Export promotion Council, Mumbai, The Confederation of Indian Textile Industry, Mumbai and the Tamilnadu Chamber of Commerce & Industry, Madurai.

He is the Chairperson of the Audit Committee and a member of Corporate Social Responsibility Committee (CSR). He holds 50 equity shares in the Company and is not related to any other Director of the Company.

His other Directorship / Membership is as follows.

Directorship	Committee Membership
<p>As Managing Director :</p> <ul style="list-style-type: none"> * Thiagarajar Mills (Private) Limited <p>As Chairman & Managing Director :</p> <ul style="list-style-type: none"> * VTM Limited (formerly known as Virudhunagar Textile Mills Limited) * Thiagarajar Telekom Solutions Ltd. <p>As Director :</p> <ul style="list-style-type: none"> * T V S Motor Company Limited * Sundaram Textiles Limited * Colour Yarns Limited * SIMA Textile Processing Centre Ltd. 	<p>Share Transfer Committee</p> <p>Audit Committee & Investors' Grievance Committee Member</p>

Mr P S Raman

Mr P S Raman, aged 54 years is a Commerce Graduate holding Bachelor Degree in Law from Madras University. He started his practice in law in 1984 at the Madras High Court under the late Mr V P Raman, former Advocate General of Tamil Nadu and Additional Solicitor General of India. Mr P S Raman has completed more than 30 years of practice in the Supreme Court, High Court and other judicial forum in various fields particularly in Constitutional law, Corporate Law, Contracts, Intellectual Property, Civil Law, Service Law and Indirect taxation. He is a Legal Advisor to several corporate bodies, banks, associations and prominent individuals. He is a Member of the Executive Committee of the Tamil Nadu Cricket Association as well as the Madras Management Association.

He is a member of the Audit Committee of Directors of the Company. He holds 169 equity shares in the Company and he is not related to any other Director of the Company.

Directorship	Committee Membership
<p>As Director :</p> <p>Celebrity Fashions Limited</p>	<p>Audit Committee Member</p>

Mr Ashok V Chowgule

Mr Ashok V Chowgule, aged 66 years, is a Graduate in Economics and Statistics from Bristol University in England and has studied business in Case Western Reserve University in Cleveland, USA. He joined Chowgule Group of Companies with responsibilities for Finance and Administration and was the Managing Director

of Narmada Cement Company Limited. He was in charge of the ship building activity of Chowgule Group that had interest in Mineral Processing, Shipping, Ship Building, Industrial Salt, Auto Agencies, Construction Materials, Industrial Explosives, Industrial Oxygen, etc. He is actively associated with various social, educational and charitable institutions.

Directorship	Committee Membership
As Chairman : * Chowgule Industries Private Limited * Keltech Energies Limited As Executive Director : * Chowgule & Company Private Limited As Director : * Chowgule Ports & Infrastructure Private Ltd * Cartybon Private Limited * Chowgule Ship Building Private Limited * Dolphin Extrusions Private Limited * Dolphin Ore Extraction Private Ltd * Dolphin Mining Services Private Ltd * Minas e Minerai s de-Goa Private Limited * Ghatge Patil Industries Limited * Lavgan Terminals Private Limited * Chowgule Mining Private Limited * Chowgule Mediconsult Private Limited	Share Transfer Committee Audit Committee

He is the Chairperson of CSR Committee, a member of the Audit Committee and Nomination & Remuneration Committee. He does not hold any share in the Company and he is not related to any other Director of the Company.

Mr K S Ranganathan

Mr K S Ranganathan, aged 76 years, had a banking career for a period of 25 years with State Bank of India and retired as Deputy General Manager of SBI in the year 1986. He was the Managing Director of India Equipment Leasing Limited promoted by Sundaram Finance Limited, State Bank of India and International Finance Corporation, Washington DC (subsidiary of World Bank).

He does not hold any directorship or committee membership in any other company.

He is the Chairperson of Nomination & Remuneration Committee and a member of the Audit Committee and Stakeholders' Relationship Committee. He is not related to any other Director of the Company.

Mr K S D Sambasivam

Mr K S D Sambasivam, born on 4th May 1974, is an expert in the field of Information Technology. He has expertise in implementing secure, stable and cost effective IT infrastructure using IT concepts and technologies to suit the various needs of the organizations. He has ventured into newer fields such as Mobile application development, mobile security and GPS technology integration.

He is a Director of M/s. Aishwarya Chemicals Private Limited.

He is the Chairperson of Stakeholders' Relationship Committee and a member of the Audit Committee and Nomination & Remuneration Committee.

He does not hold any share in the Company. He is not related to any other Director of the Company.

ANNEXURE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ANNEXED TO THE NOTICE DATED 26TH MAY 2014 IN RESPECT OF SPECIAL BUSINESS.

The following explanatory statement sets out all the material facts relating to the special business mentioned in the notice dated 26th May 2014 and shall be taken as forming part of the notice.

Item No. 4

Mr T Kannan has been on the Board of the Company since 1999.

His brief Profile, nature of his expertise in specific functional areas, his other Directorships and Committee memberships, his Shareholding and relationships with other directors of the Company have been furnished in sl. no. 11 under the heading "Important notes".

He has given necessary declaration that he satisfies the criteria of Independence as laid down under Section 149(5) of the Companies Act, 2013 .

In terms of Section 149 (10) of the Companies Act, 2013, it is proposed to appoint him as Independent Director for a consecutive period of 5 years. A notice from a member under Section 160 of the Companies Act, 2013, signifying his intention to appoint him as Independent Director along with requisite deposit of Rs.1 lakh has been received by the Company.

He holds 50 shares in the Company.

The Directors recommend the resolution to be adopted as a special resolution by the shareholders.

None of the Directors except Mr T Kannan is deemed to be concerned or interested in the resolution.

Item No. 5

Mr P S Raman has been on the Board of the Company since 2004.

His brief Profile, nature of his expertise in specific functional areas, his other Directorships and Committee memberships, his Shareholding and relationships with other directors of the Company have been furnished in sl. no. 11 under the heading "Important notes".

He has given necessary declaration that he satisfies the criteria of Independence as laid down under Section 149(5) of the Companies Act, 2013 .

In terms of Section 149 (10) of the Companies Act, 2013, it is proposed to appoint him as Independent Director for a consecutive period of 5 years. A notice from a member under Section 160 of the Companies Act, 2013, signifying his intention to appoint him as Independent Director along with requisite deposit of Rs.1 lakh has been received by the Company.

He holds 169 shares in the Company.

The Directors recommend the resolution to be adopted as a special resolution by the shareholders.

None of the Directors except Mr P S Raman is deemed to be concerned or interested in the resolution.

Item No. 6

Mr Ashok V Chowgule has been on the Board of the Company since 2007.

His brief Profile, nature of his expertise in specific functional areas, his other Directorships and Committee memberships, his Shareholding and relationships with other directors of the Company have been furnished in sl. no. 11 under the heading "Important notes".

He has given necessary declaration that he satisfies the criteria of Independence as laid down under Section 149(5) of the Companies Act, 2013.

In terms of Section 149 (10) of the Companies Act, 2013, it is proposed to appoint him as Independent Director for a consecutive period of 5 years. A notice from a member under Section 160 of the Companies Act, 2013, signifying his intention to appoint him as Independent Director along with requisite deposit of Rs.1 lakh has been received by the Company.

He does not hold any share in the Company.

The Directors recommend the resolution to be adopted as a special resolution by the shareholders.

None of the Directors except Mr Ashok V Chowgule is deemed to be concerned or interested in the resolution.

Item No. 7

Mr K S Ranganathan has been on the Board of the Company since 2009.

His brief Profile, nature of his expertise in specific functional areas, his other Directorships and Committee memberships, his Shareholding and relationships with other directors of the Company have been furnished in sl. no. 11 under the heading "Important notes".

He has given necessary declaration that he satisfies the criteria of Independence as laid down under Section 149(5) of the Companies Act, 2013.

In terms of Section 149 (10) of the Companies Act, 2013, it is proposed to appoint him as Independent Director for a consecutive period of 5 years. A notice from a member under Section 160 of the Companies Act, 2013, signifying his intention to appoint him as Independent Director along with requisite deposit of Rs.1 lakh has been received by the Company.

He does not hold any share in the Company.

The Directors recommend the resolution to be adopted as a special resolution by the shareholders.

None of the Directors except Mr K S Ranganathan is deemed to be concerned or interested in the resolution.

Item No. 8

Mr K S D Sambasivam has been on the Board of the Company since 2010.

His brief Profile, nature of his expertise in specific functional areas, his other Directorships and Committee memberships, his Shareholding and relationships with other directors of the Company have been furnished in sl. no. 11 under the heading "Important notes".

He has given necessary declaration that he satisfies the criteria of Independence as laid down under Section 149(5) of the Companies Act, 2013.

In terms of Section 149 (10) of the Companies Act, 2013, it is proposed to appoint him as Independent Director for a consecutive period of 5 years. A notice from a member under Section 160 of the Companies Act, 2013, signifying his intention to appoint him as Independent Director along with requisite deposit of Rs.1 lakh has been received by the Company.

He does not hold any share in the Company.

The Directors recommend the resolution to be adopted as a special resolution by the shareholders.

None of the Directors except Mr K S D Sambasivam is deemed to be concerned or interested in the resolution.

Item No. 9

In the 35th Annual General Meeting, ordinary resolution was passed by shareholders in terms of Section 293(1)(d) of the Companies Act, 1956, by which Board of Directors of the Company (the Board) have the powers to borrow moneys, where the moneys to be borrowed together with the moneys already borrowed (other than the temporary loans obtained from the company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital and free reserves of the Company, with the consent of the shareholders of the Company fixing the total borrowings that may be made up to a limit of Rs.100 crores.

Section 180(1)(c) of the Companies Act, 2013 has stipulated that borrowings by the Board in excess of paid up capital and free reserves needs to be authorized by way of special resolution by shareholders.

The Board therefore recommends the passing of the special resolution by the shareholders of the Company as set out in Item No 9 of the notice.

None of the Directors of the Company is in any way concerned or interested in the said Special resolution.

Item No. 10

To secure the borrowings / loans availed by the Company, it may be necessary to mortgage / hypothecate / pledge the assets of the Company or part thereof as security.

Section 180(1) (a) of the Companies Act, 2013 stipulates that the Board is required to be authorized by shareholders by way of special resolution for creation of such security as stated above.

Hence, consent of the shareholders is sought pursuant to Section 180(1)(a) of the Companies Act, 2013 .

The Board therefore recommends the passing of the resolution by the Shareholders of the Company as setout in Item No 10 of the notice.

None of the Directors of the Company is in any way concerned or interested in the said Special resolution.

Item No. 11

As per Section 14 (1) of the Companies Act, 2013, amendments to the articles of association of the Company require the approval of shareholders of the Company at a general meeting by a special resolution.

Accordingly the article that is proposed to be amended as set out in item 11 of the notice require the approval of shareholders by special resolution.

Section 203(1) of the Companies Act, 2013 provides that Managing Director shall not be appointed as Chairman of the Company unless the articles of the Company provides otherwise.

By the proposed amendment, the Board is empowered to appoint the Managing Director of the Company as its Chairman.

None of the Directors may be deemed to be interested or concerned in the resolution.

(On behalf of the Board)

Madurai
May 26, 2014

K MAHESH
Chairman and Managing Director

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Fortieth Annual Report of the Company together with the audited accounts for the year ended 31st March 2014.

FINANCIAL RESULTS

(Rs. in lacs)

	Year ended 31.03.2014	Year ended 31.03.2013
Revenue from Operations	<u>24,661.64</u>	<u>23,166.84</u>
Profit before interest, depreciation and tax	775.97	668.89
Less: Interest	292.66	299.81
Profit before depreciation and tax	483.31	369.08
Less: Depreciation	810.92	779.77
Profit before tax & exceptional items	(327.61)	(410.69)
Add: Exceptional item - Write-back of excess depreciation charged in earlier years reversed	339.71	—
Profit before tax	12.10	(410.69)
Less: Provision for taxation		
- Current Tax	(0.05)	(0.25)
- Prior Period Tax	(409.29)	(45.86)
- Deferred Tax (Liability) / Asset (net)	(124.40)	16.00
Profit after tax	(521.64)	(440.80)
Add: Surplus / (Deficit) brought forward	123.73	564.53
Transfer from General Reserve - II	400.00	—
Surplus carried over	<u>2.09</u>	<u>123.73</u>

In view of the operating loss incurred by the Company for the financial year 2013-14, Your Directors are constrained to skip Dividend for the year. Your Directors assure you that various steps are being taken for improving the performance of the Company.

OPERATIONS

As could be seen from the attached accounts, the net sales for the year were at Rs.246.62 crores as against Rs. 231.67 crores in the previous year.

Main Challenges faced in the year under review:

1. Continued sluggish demand in Domestic OE Market in Heavy, Medium Duty & Light Duty Commercial Vehicles.
2. Continued non-availability of Power during peak hours (6p.m to 10 p.m) forcing use of expensive third party power & running of diesel generators pushing the cost of power for operations impacting bottom line.

SUNDARAM BRAKE LININGS LIMITED

EXPORTS

Your company continued its thrust in the export market segment.

Your company continued its focus for meeting the expectations of overseas customers in terms of timely delivery & quality.

Net Foreign Exchange earned by Your Company in the year under review was Rs.82.10 crores as against Rs.59.23 crores in 2012-13.

Your Company continues to take steps for adding new customers in export market which will help mitigate the risk factors by eliminating reliance on a few customers.

RESEARCH & DEVELOPMENT

Your Company's R&D Facility located in Padi enjoys the status of Recognised R&D unit by the Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India, New Delhi.

Your Company continues to give thrust for development of new products viz Commercial Vehicle Linings/ Passenger Vehicle Linings & Pads & Clutch Facings both for new and existing customers .

Your company continues its efforts for implementing various initiatives for reduction in energy costs which constitute a significant portion next to Raw Material costs.

The total expenditure for R&D incurred in 2013-14 was Rs.7.89 crores as against Rs.5.38 crores in the previous year.

OUTLOOK FOR 2014-15

Due to continuation of sluggishness in Commercial Vehicles segment which is the main breadwinner for your company, the outlook for 2014-15 remains weak and with formation of stable Central government and expectations of new initiatives to turnaround the economy, we may witness the growth in the Auto Industry after about six months which may revive domestic demand.

PUBLIC DEPOSITS

Your Company does not hold any deposit from the Public.

DIRECTORS

Mr K Mahesh, Chairman & Managing Director submitted letter relinquishing his position for personal reasons, as Managing Director of the Company in the Board Meeting held on 26-05-2014. The Board with regret accepted his relinquishing the position as MD.

Mr K Mahesh, will continue in his capacity as Chairman of the Company and give his valuable guidance and advice to the company.

The Board wishes to place on record its deepest appreciation of dedicated efforts and leadership of Mr K Mahesh and immense contribution made by him as Managing Director since inception in building SBL from scratch to the current stature.

Mr Krishna Mahesh, Joint Managing Director has been designated by the Board as Managing Director of the Company effective 27-05-2014.

Mr T Kannan, Mr P S Raman, Mr Ashok V Chowgule, Mr K S Ranganathan and Mr K S D Sambasivam , Independent Directors on the Board of the Company who hold office up to this Annual General Meeting are proposed to be appointed as Independent Directors on the Board pursuant to Section 149(10) of the Companies Act, 2013.

Mr K Ramesh, Director, retires by rotation at this Annual General Meeting and being eligible, offers himself for reappointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The details regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, pursuant to Section 217 (1) (e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure I which forms part of this report.

PARTICULARS UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956

The particulars required to be disclosed under Section 217 (2A) of the Companies Act, 1956 in respect of particulars of employees drawing annual / monthly remuneration of Rs.60 lakhs / Rs.5 lakhs respectively are furnished in Annexure II of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- (a) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- (b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- (c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (d) that the appended annual accounts for the year ended 31st March 2014 are on a going concern basis.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As required under Section 135 of the Companies Act, 2013, the Board of Directors in its meeting held on 26-05-2014, has constituted Corporate Social Responsibility Committee consisting of Mr Ashok V Chowgule as Chairperson, Mr T Kannan and Mr K Mahesh as members.

The CSR Committee will evolve the CSR Policy of the Company and the same will be deliberated and approved by the Board in due course.

NOMINATION & REMUNERATION COMMITTEE

As required under Section 178 of the Companies Act, 2013, the Board of Directors in its meeting held on 26-05-2014 has constituted Nomination & Remuneration Committee consisting of Mr K S Ranganathan as Chairperson, Mr Ashok V Chowgule and Mr K S D Sambasivam as members.

The Nomination & Remuneration Committee will discharge its functions as per the requirements specified under the Section 178 of the Companies Act & amended Clause 49 of the Listing Agreement.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board of Directors in its meeting held on 26-05-2014 has constituted a Stakeholders' Relationship Committee consisting of Mr K S D Sambasivam as Chairperson, Mr K S Ranganathan and Mr Krishna Mahesh as members.

STATUTORY AUDITORS

The Auditors, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, retire at the Fortieth Annual General Meeting and are eligible for reappointment for a further transitional period of 3 years in accordance with Section 139(2) of the Companies Act, 2013.

SUNDARAM BRAKE LININGS LIMITED

M/s Sundaram & Srinivasan, Chartered Accountants hold valid peer review certificate issued by Peer Review Board of the Institute of Chartered Accountants of India, which is a mandatory requirement under Clause 41(1)(h) of the Listing Agreement with Stock Exchanges.

COST AUDITORS

The Cost Audit is applicable to certain product groups being manufactured by the Company. The Board of Directors in the meeting held on 26.05.2014 has reappointed M/S Raman & Associates as Cost Auditors for the Financial Year 2014-15.

SECRETARIAL AUDITOR

As required under Section 204 of the Companies Act, 2013, the Board of Directors has in its meeting held on 26-05-2014 appointed Mr V Suresh, Practising Company Secretary holding certificate of practice number 6032 issued by Institute of Company Secretaries of India as Secretarial Auditor for the Financial year 2014-15.

In compliance with the directives issued by the Securities and Exchange Board of India (SEBI), Secretarial Audit is being conducted by Mr V Suresh, Practising Company Secretary at specified periodicity and the reports are being submitted to stock exchanges.

CORPORATE GOVERNANCE

As a listed company, in accordance with the provisions contained in the Listing Agreement with Stock Exchanges, your company has continued compliance with Corporate Governance norms. A report on Corporate Governance along with a certificate of compliance from the Auditors in Annexure III forms part of this Report.

HUMAN RESOURCE DEVELOPMENT

The Industrial Relations in all the five plants of the Company continued to be cordial. As a part of HR initiatives, Employees Training and Development are being given the necessary focus.

GENERAL

Your Directors wish to thank M/s State Bank of India, Export-Import Bank of India & HDFC Bank for their continued support and assistance.

Your Directors also wish to thank all the Customers, the wholesalers both in India and worldwide for their continued support .

Your Directors wish to place on record their sincere appreciation for the good work of all the employees.

(On behalf of the Board)

Madurai
May 26, 2014

K MAHESH
Chairman and Managing Director

ANNEXURE I TO DIRECTORS' REPORT

Information as required under Section 217(1)(e) of the Companies Act, 1956.

A. CONSERVATION OF ENERGY

- a) Energy conservation measures taken during 2013-14:
 - i) Dedicated feeders for drawing electrical power in 4 manufacturing units were installed which will help in optimal usage of purchased power from third parties during load shedding & power cut periods.
 - ii) Various steps for reduction of energy consumption for various operations by installing appropriate modern devices and thermal insulation techniques were implemented during the year.
- b) Additional investments and proposals, if any, implemented for reduction of consumption of energy:

There is a continuous plan and process to conduct more energy audits to identify areas of energy conservation and implement proposals arising out of such audits.
- c) Impact of the above measures:

The measures taken above have helped in reducing energy cost and would continue to help in reducing the energy cost in the months to come.

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

(1) Specific areas in which R&D carried out by the Company

1. Obtained Domestic OEM Approval for Lining for Tippers for emerging MNC Commercial Vehicle Manufacturer.
2. Developed and obtained approvals for MCV Disc Pads for domestic OEM.
3. Developed and obtained approval for Hydraulic brake lining, for New Generation LCV.
4. Developed and started supply of New Grade CV Linings for North American Market.
5. Developed and introduced Eco friendly grades for aftermarket.

(2) Benefits derived as a result of the above

1. Continued recognition of in-house R&D by Department of Scientific and Industrial Research, Government of India valid up to 31.03.2015.
2. Reduction in Raw material costs through up gradation in quality and yield improvement.

(3) Future plan of action

1. Development of Disc Pads and Linings for various new vehicle applications for Domestic OEM & Export Market.

(4) Expenditure on R&D

a. Capital	Rs. 176.91 lacs
b. Revenue	Rs. 612.00 lacs
c. Total	Rs. 788.92 lacs
d. Total R&D expenses as % of total turnover	3.2%

Technology absorption, adaptation and innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation

- a. Exposure to advanced methodology for problem solving in product and process development.
- b. Use of various advanced test equipments to develop Asbestos-free products for overseas market and other emerging markets.

2. Benefits derived as a result of the above efforts

- a. Development of products for export and domestic markets.
- b. Quality upgradation and optimal use of raw materials leading to substantial savings.
- c. The R & D efforts have resulted in development of better products, more new products and quality improvement of existing products for domestic and export markets.

C. FOREIGN EXCHANGE EARNINGS AND OUTFLOW

1) Exports :

a) Activities relating to exports :

Your Company is in the process of developing OEM approvals and new generation friction materials are being developed to obtain these approvals. Additional product references are also being added to enhance the product range in order to cater to requirements of overseas customers.

b) Export Plans :

The Company plans to add new customers and new export destinations during 2014-15.

2) Total Foreign Exchange earned and used :

a) Foreign Exchange earned	Rs.10,910.45 lacs
b) Foreign Exchange used	Rs.2,700.40 lacs
c) Net Foreign Exchange earned (a-b)	Rs.8,210.05 lacs

(On behalf of the Board)

Madurai
May 26, 2014

K MAHESH
Chairman and Managing Director

Declaration regarding compliance by Board members and Senior Management Staff with the Company's Code of Conduct

This is to confirm that the Company has adopted a Code of Conduct for its Board of Directors and Senior Management staff of the Company. The Code of Conduct is available on the Company's website.

We confirm that the Company has in respect of the Financial Year ended 31st March 2014, received from the Senior Management Staff of the Company and the Members of the Board a declaration of compliance with the Code of Conduct applicable to them.

For the purpose of this declaration, Senior Management Staff means the staff one level below the Director as on 31st March 2014.

K MAHESH
Chairman and Managing Director

S RAMABADRAN
Financial Controller & Secretary

Madurai
May 26, 2014

ANNEXURE II TO DIRECTORS' REPORT

Particulars of employees (as per Section 217(2A) of the Companies Act, 1956) employed throughout the year 2013-14:

Sl. No.	Name of the Employee	Age Years	Designation	Qualification and Experience	Date of employment	Total remuneration Rs.	Previous employment	
							Employer	Designation
1	Mr. Krishna Mahesh	39	Joint Managing Director	BS (Mech.E-Stanford US) MS (Mech.E-Stanford US) MBA (Harward Business School) (14 years)	06.02.2013	5,943,600	Sundaram Brake Linings Ltd.	Chief Operating Officer

Note :

1. Employment are as per contract / letter of appointment.
2. Remuneration includes salary and contribution to Provident/ Superannuation Fund.
3. Mr Krishna Mahesh is related to Mr K Mahesh, Chairman and Managing Director and Mr K Ramesh, Director.

(On behalf of the Board)

Madurai
May 26, 2014

K Mahesh
Chairman & Managing Director

ANNEXURE III TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE

1 COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company continues to believe in such corporate practices that ensure high level of transparency, professionalism and accountability in all activities of the Company to fulfill its corporate responsibilities thereby achieving its financial objectives in the interest of all stakeholders. The Company always endeavours to enhance shareholder value through prudent financial management backed up by sound business decisions. Also the Company makes continuous improvement in all disciplines of its operations.

2 BOARD OF DIRECTORS:

a) Composition of the Board:

The Board of Directors of the Company comprises of two Directors nominated by Promoter Company, of whom one is a Wholetime Director of the Promoter Company and is the Chairman and Managing Director of Sundaram Brake Linings Limited out of the total strength of eight Directors. Out of the balance six Directors, Mr Krishna Mahesh, son of Mr K Mahesh, Chairman and Managing Director of the Company was appointed as Joint Managing Director on 6th February 2013 and the remaining five Directors are Non-Executive Independent Directors.

b) Meetings of the Board of Directors and last Annual General Meeting:

During the year 2013-14, the Board of Directors met five times on 11th April 2013, 29th May 2013, 1st August 2013, 5th November 2013 & 22nd January 2014. The time gap between any two meetings did not exceed four months. The last Annual General Meeting was held on 1st August 2013.

The details relating to attendance of Directors at the Board Meetings and the last Annual General Meeting, Number of Memberships held by Directors in the Board / Committees of various other companies are furnished in the following table:

Name M/s	Category	Attendance particulars		Number of other Directorships and Committee Memberships/Chairmanships		
		Board Meeting	Last AGM on 1 st August 2013	Other Directorships	Committee Memberships	Committee Chairmanships
K Mahesh	E	4	Yes	5	1	Nil
K Ramesh	NE	2	No	6	Nil	Nil
T Kannan	NE-I	3	Yes	8	2	1
P S Raman	NE-I	1	No	1	-	Nil
Ashok V Chowgule	NE-I	2	Yes	14	2	1
K S Ranganathan	NE-I	5	Yes	Nil	Nil	Nil
K S D Sambasivam	NE-I	5	Yes	1	Nil	Nil
Krishna Mahesh	E	5	Yes	2	Nil	Nil

E : Executive Director;

NE : Non Executive;

NE-I : Non Executive - Independent

3 AUDIT COMMITTEE:

During the year 2013-14, the Audit Committee of Directors met four times as per Listing Agreement requirement on 29th May 2013, 1st August 2013, 5th November 2013 & 22nd January 2014.

The Statutory Auditors of the Company are invited to attend the meetings whereat the Audit Committee holds discussions on the quarterly / half-yearly accounts subjected to their Limited Review, yearly Audit Plan, matters relating to compliance with Accounting Standards, their observations on matters arising out of annual audit and other related matters.

4 REMUNERATION TO DIRECTORS:

The Chairman & Managing Director is a Whole-time Director of T V Sundram Iyengar & Sons Limited, a promoter company, receiving remuneration from them. Sundaram Brake Linings Limited pays him sitting fees for the Board / Committee Meetings attended and also commission upto 5 % of the net profits of the company subject to the overall ceiling fixed by the Companies Act, 1956. However, in view of the operating loss for the year, the Company has not paid any commission to him for the year. All the Directors except Joint Managing Director are paid sitting fees for the Board / Committee meetings attended. The Company has paid the following sitting fees to Directors:

Sl. No.	Name of the Director	Sitting Fees paid (Rs.)
1	Mr K Mahesh	35,000/-
2	Mr K Ramesh	10,000/-
3	Mr T Kannan	55,000/-
4	Mr P S Raman	5,000/-
5	Mr Ashok V Chowgule	20,000/-
6	Mr K S Ranganathan	45,000/-
7	Mr K S D Sambasivam	65,000/-

5 NOMINATION & REMUNERATION COMMITTEE:

As required under Section 178 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement, the Board of Directors has in its meeting held on 26-05-2014 constituted Nomination & Remuneration Committee of the Board consisting of Mr K S Ranganathan as Chairperson, Mr Ashok V Chowgule and Mr K S D Sambasivam as members.

The Nomination & Remuneration Committee will discharge its functions as required under the Act & Clause 49 of the Listing Agreement.

6 DETAILS OF MANAGERIAL REMUNERATION:

Mr Krishna Mahesh was appointed by the Board of Directors in their meeting held on 06-02-2013 as Joint Managing Director , for a period of three years effective 06-02-2013 and the approval of the shareholders by a special resolution in the 39th Annual General Meeting held on 1st August 2013 was given.

Total Remuneration of Rs.59.44 lakhs including Contribution to PF & Superannuation Funds was paid to Mr Krishna Mahesh, for Financial Year 2013-14.

7 INVESTORS' GRIEVANCE COMMITTEE/ STAKEHOLDERS' RELIATIONSHIP COMMITTEE:

The Investors' Grievance Committee consisting of Directors Mr P S Raman as its Chairman & Mr T Kannan, Mr K Mahesh and Mr K S D Sambasivam as other members of the Committee discharged its functions till 25-05-2014.

The Board of Directors in their meeting held on 26-05-2014 has constituted Stakeholders' Relationship Committee as required under Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

SUNDARAM BRAKE LININGS LIMITED

The Stakeholders' Relationship Committee consists of Mr K S D Sambasivam as Chairperson, Mr K S Ranganathan and Mr Krishna Mahesh as members.

Mr S Ramabadrar, Financial Controller & Secretary of the Company, is the Compliance Officer nominated as required by the guidelines issued by the Securities and Exchange Board of India (SEBI). For any clarification / complaint, investors can contact the Compliance Officer of the Company or its Registrar & Share Transfer Agents whose details are given elsewhere in the report.

As a policy, the Company disposes of investor complaints within 7 working days of receipt. Complaints received and redressed during the year 2013-14 are:

Sl. No.	Nature of complaint	No.of complaints
1	Non-receipt of dividend warrants	-
2	Non-receipt of Share Certificate / Annual Report	-
3	Others - Nomination registration	-

There were no requests pending for dematerialisation of physical shares as on 31st March, 2014.

SEBI vide Circular Ref: CIR/OIAE/2/2011 dated June 3, 2011 informed the Company that they had commenced processing of investor complaints in a web based complaints redress system "SCORES". Under this system, all complaints pertaining to Companies are electronically sent through SCORES and the Companies are required to view the complaints pending against them and submit Action Taken Reports (ATRs) alongwith supporting documents electronically in SCORES. During the financial year ended 31st March 2014, no complaint was electronically sent to the Company through SCORES and no complaint is pending for resolution at SCORES as on date.

8 GENERAL BODY MEETING:

The following table contains information regarding the location, venue, date and time of General Meetings held by the Company in the last three years:

AGM	Year	Venue	Date	Time
39 th	2012-13	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.	01-08-2013	9.00 A.M
38 th	2011-12	Sri P Obul Reddy Hall, Vani Mahal, No. 103, G.N. Chetty Road, T. Nagar, Chennai - 600 017.	28-07-2012	11.00 A.M.
37 th	2010-11	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.	27-07-2011	10.00 A.M

There was no requirement for seeking approval of the shareholders by a postal ballot in the above meetings.

Directors seeking re-election, pursuant to Clause 49 of the Listing Agreement

At the Fortieth Annual General Meeting of the Company, Mr T Kannan, Mr P S Raman, Mr Ashok V Chowgule, Mr K S Ranganathan and Mr K S D Sambasivam Directors, are proposed to be appointed as Independent Directors pursuant to Section 149(10) of the Companies Act, 2013 and Amended Clause 49 of the Listing Agreement.

Mr K Ramesh, Director, retires by rotation and offers himself for reappointment.

Their brief resumes and other information have been detailed in the notice convening the Annual General Meeting of the Company.

9 DISCLOSURES:

- a) There were no transactions of material nature with the promoters, directors or the management of their subsidiaries or relatives etc potentially conflicting with company's interest at large, during the year. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.
- b) There were no instances of non-compliance on any matter related to the capital market, during the last three years.

10 MEANS OF COMMUNICATION:

- a) The quarterly financial results of the Company were published in leading English newspaper viz., Indian Express and the same were published in Tamil version in Dinamani.
- b) The Company has created a web site with the address **www.tvsbrakelinings.com**. The Company is displaying its quarterly financial results on its web site.
- c) The Company has also furnished a Management Discussion and Analysis Report which forms part of the Annual Report.

11 GENERAL INFORMATION TO SHAREHOLDERS:

<p>(a) 40th Annual General Meeting</p> <ul style="list-style-type: none"> - Date and Time - Venue 	<p>1st August 2014, 10.00 a.m. Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.</p>
<p>(b) Financial Calendar - (Tentative)</p> <p>Annual General Meeting of the next year</p> <ul style="list-style-type: none"> - Unaudited financial results for the first quarter ending 30th June 2014 - Unaudited financial results for the second quarter ending 30th September 2014 - Unaudited financial results for the third quarter ending 31st December 2014 - Audited financial results for the year ending 31st March 2015 	<p>Before 30th September 2015</p> <p>Any day before 14th August 2014</p> <p>Any day before 14th November 2014</p> <p>Any day before 14th February 2015</p> <p>Any day before 30th May 2015</p>
<p>(c) Book Closure period :</p>	<p>26-07-2014 to 01-08-2014</p>
<p>(d) Dividend payment date:</p> <ul style="list-style-type: none"> - Dividend 	<p>Not Applicable</p>
<p>(e) a. Listing of Equity Shares & Stock Code :</p>	<ol style="list-style-type: none"> 1. Madras Stock Exchange Limited Code : SAB 2. National Stock Exchange Code : SUNDRMBRAK EQ 3. Bombay Stock Exchange Scrip Code : 590072 (Permitted Security)
<p>b. Demat ISIN Numbers in NSDL & CDSL</p>	<p>Equity Shares : INE 073D01013</p>
<p>Listing fee has been paid to MSE & NSE for the year 2014-15</p>	

(f) Share market price data:

Rs.

Month	Madras Stock Exchange *		National Stock Exchange	
	High	Low	High	Low
April '13	–	–	155.00	124.00
May	–	–	159.95	135.55
June	–	–	153.95	135.00
July	–	–	170.00	145.00
August	–	–	157.50	135.40
September	–	–	164.95	147.65
October	–	–	164.85	154.40
November	–	–	176.00	150.65
December	–	–	191.75	157.00
January '14	–	–	221.00	165.80
February	–	–	186.70	167.00
March	–	–	197.95	170.05

* No trading was reported during the year

As an investor friendly initiative, Bombay Stock Exchange had included the Company's scrip for trading in Bombay Stock Exchange under "Permitted Securities" category effective 28th December 2006. This has resulted in increase in the liquidity of the shares traded in the exchanges.

(g) Share price performance in comparison to broad based indices at NSE:

Company's share price performance in comparison to National Stock Exchange indices is furnished elsewhere in this report as a graph.

(h) Share / Security Transfer System:

Since 1st April 2003 Share / Security transfers in physical form is also processed by M/s Integrated Enterprises (India) Ltd, Chennai. Normally share / security transfers are processed within 15 days from the date of receipt, subject to the documents being valid in all respects. At the meeting of the Board of Directors held on 29th April 2002 the power to transfer shares has been delegated to certain authorized officials in compliance with Clause 49 (VI) (D) of the Listing Agreement to have periodic meeting with shorter intervals to ensure speedy transfer of securities and the same has been implemented now. Accordingly the share transfer is effected once in every ten days. Transfers, transmissions etc., are approved once in 10 days (as against norm of 30 days) and requests for dematerialisation are confirmed within 10 days (as against the norm of 15 days). The relative share certificates are dispatched by Registered Post / Courier.

In compliance with the directives of SEBI in appointing a common agency for share transfer related activities (both physical and demat), effective 1st April 2003, M/s Integrated Enterprises (India) Ltd, Chennai are acting as Registrars and Share Transfer Agents (RTA) for providing the connectivity with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) and also for transfer of shares held in physical form.

(i) **Shareholding pattern as on 31st March 2014:**

No. of shares held	No. of share-holders	% of shareholders	No. of shares held	% of share-holding
Upto 500	6,900	94.57	6,07,098	15.43
501 - 1000	228	3.13	1,63,460	4.15
1001 - 2000	90	1.23	1,28,922	3.28
2001 - 3000	31	0.42	80,391	2.04
3001 - 4000	7	0.10	23,841	0.61
4001 - 5000	2	0.03	8,640	0.22
5001 - 10000	17	0.23	1,27,928	3.25
10001 & above	21	0.29	27,94,295	71.02
Total	7,296	100.00	39,34,575	100.00

(j) **Distribution of shareholding as on 31st March 2014:**

Shareholder	No. of shares held	% of total shares held
Promoter companies	16,80,873	42.72
Directors & relatives	9,19,120	23.36
Mutual Funds	110	0.00
Banks	50	0.00
Insurance companies	22,184	0.56
Body corporates	72,036	1.83
Non-Resident Indians	7,186	0.18
Clearing Member	7,567	0.19
Public-Resident individuals	12,25,449	31.16
Total	39,34,575	100.00

(k) **Dematerialisation and Liquidity:**

In accordance with the SEBI Circular SEBI/Cir/ISD/3 2011 dated June 17, 2011, the entire shareholding of promoters' and promoter group of 25,98,784 shares are held in dematerialized form.

Out of the balance 13,35,791 equity shares held by the public (other than Promoters), 11,53,142 equity shares have been dematerialised as on 31st March 2014 accounting for 86.32%.

As per the directives issued by SEBI, effective 26th March 2001 the equity shares of the company are placed in its compulsory demat list of securities for the purpose of trading.

(l) **Outstanding GDRs / ADRs / Warrants or any convertible instrument, conversion date and likely impact on equity:**

We have no GDRs/ADRs or any convertible instrument.

(m) **Plant locations:**

Padi, Chennai - 600 050 Phone Nos: 42205300,42205407 Fax No. 044 - 42205572 E-mail: sbl@tvssbl.com	TSK Puram Plant I & II Mustakurichi Post Virudhunagar District Pin code 626 106 Phone :04566 -250290 -295	Plant - 4 & Plant - 5 Plot No: AA6, 6th Avenue Auto Ancillary SEZ Mahindra World City Natham Sub Post, Chengalpet, Kanchipuram District Pin code 603 002 Phone : 044 - 4749 0005
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SUNDARAM BRAKE LININGS LIMITED

(n) Registrar and Share Transfer Agents :

Effective 1st April 2003, the Company appointed M/s Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, 1 Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 as the Registrar and Share Transfer Agents (RTA) of the Company for all share related investor services.

(o) Address for Investors' correspondence:

To contact RTA for all matters relating to shares, dividends, Annual Reports	Integrated Enterprises (India) Limited II Floor, "Kences Towers" No.1, Ramakrishna Street North Usman Road, T Nagar Chennai - 600 017.	Phone : 91-44- 28140801 - 808 Fax : 91-44-28142479 E-mail : corpseiv@integratedindia.in
For any other general matters or in case of any difficulty / grievance	Financial Controller & Secretary Sundaram Brake Linings Ltd Padi, Chennai - 600 050.	Phone : 91-44-42205405 Fax : 91-44-42205572 E-mail : srb@tvssbl.com

Shareholders may correspond with M/s Integrated Enterprises (India) Limited, Chennai, the Share Transfer Agents of the Company at the address given above, quoting folio no. / Client ID.

NON MANDATORY REQUIREMENTS:

a. Publication of quarterly / half yearly results:

The quarterly / half yearly results of the Company are published in one English newspaper having a wide circulation and in one Tamil newspaper. The results are not sent to the shareholders individually. However the Company has been displaying the quarterly results in its web site.

b. Postal Ballot :

No Special resolution requiring a postal ballot was placed before the last AGM. Similarly, no special resolution requiring a postal ballot is being proposed at the ensuing AGM.

c. Request to Investors :

Investors are requested to kindly make note of the following procedure:

All communications including change of address, bank account details etc., are to be made to the Company's Registrar & Transfer Agent's address furnished elsewhere in this report.

As required by SEBI, it is advised that the investors shall furnish details of their bank account number, name and address of the bank for incorporating the same in the warrants. This information is required to avoid wrong credits being obtained by unauthorized persons.

The shareholders who are covered by the designated centres / cities as notified by the Reserve Bank of India where the Electronic Clearing Service (ECS) is extended by them, are requested to write to the Office & Factory of the Company at Padi, Chennai 600 050 for obtaining the mandate format for their execution and return for credit of dividend to their bank account under ECS.

Investors who have not availed nomination facility are requested to kindly fill in the nomination form and submit the same to the Company along with requisite proof of nomination

Investors are requested to kindly note that any dividend which remains unencashed for a period of seven years will be transferred to "Investors Education and Protection Fund" in terms of Section 205 C of the Companies Act 1956. Out of the dividends declared for all the financial years including and upto the financial year ended 31st March 2006, the amount which remained unclaimed has been transferred to the Investors Education & Protection Fund as per the provision of Section 205C of the Companies Act 1956.

Due dates for transfer of Unclaimed Dividends to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205 C of the Companies Act 1956:

Financial Year	Dividend Reference - %	Date of Declaration of Dividend	Due for transfer on
2006-07	33 rd AGM III Interim - 30%	7 th June 2007	13 th July 2014
2007-08	34 th AGM Interim - 60%	16 th June 2008	23 rd July 2015
2008-09	35 th AGM Interim - 40%	29 th June 2009	5 th August 2016
2009-10	36 th AGM Interim - 40%	12 th March 2010	16 th April 2017
2010-11	37 th AGM 40 %	9 th May 2011	13 th June 2018
2011-12	38 th AGM 30 %	28 th July 2012	2 nd September 2019

Those who have not encashed their warrants may contact the Company immediately and surrender their warrants, before the above due dates for further action by the Company.

Investors holding shares in electronic form are requested to deal only with their depository participant in respect of change of address, nomination facility, furnishing of bank account details etc.,

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To

The Members of Sundaram Brake Linings Limited

We have examined the compliance of the conditions of Corporate Governance by Sundaram Brake Linings Limited for the year ended 31st March 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March 2014, no investor grievances are pending against the Company as on 26-05-2014 as per the records maintained by the Company and presented to the Investors / Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for SUNDARAM & SRINIVASAN
Chartered Accountants (FRN 004207 S)

Madurai
May 26, 2014

P MENAKSHI SUNDARAM
Partner
(Membership No.217914)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT - 2014

Industry and Company Trend :

Automobile industry annual production volumes were 214.83 lakh units for the year 2013-14 as compared to 206.49 lakh units for the year 2012-13 indicating a growth of 4% in volumes.

Automobile industry annual sales volumes were at 215.33 lakh units for year 2013-14 as compared to 206.90 lakh units for the year 2012-13 indicating an overall growth of 4%.

The above growth was only possible due to marginal impact of production & sales volumes in the Two Wheeler segments. All other segments struggled to meet even last year volumes.

During the year 2013-14 the Heavy commercial segment saw further steep drop of 21% in production volumes and 22% in sales volumes as compared to the previous year 2012-13 and the Light commercial segment also further significantly dropped by 16% in production volume and drop in sales volume by 19% in 2013-14 as compared to the previous year 2012-13.

Passenger car segment had a marginal drop of 5% in production volumes and 4% in sales volumes as compared to 2012-13. The Two wheeler segments, but for mopeds, exhibited increase in production and sales volumes by 7%, as compared to 2012-13.

Following are the Auto-industry Production & Sales data in vehicle units.

(in Lakh / nos)

Vehicle Category	Vehicle Production		Growth	Vehicle sales		Growth
	2013-14	2012-13	%	2013-14	2012-13	%
M & HCV	2.21	2.81	-21 %	2.24	2.88	-22 %
LCV	6.99	8.33	-16 %	7.10	8.73	-19 %
Passenger	30.73	32.31	-5 %	30.97	32.24	-4 %
Three -wheeler	8.30	8.40	-1 %	8.33	8.41	-1 %
Two-wheeler	168.80	157.44	7 %	168.89	157.54	7 %
Total	214.83	206.49	4 %	215.33	206.90	4 %

Source: ACMA

The Automobile sector for the year 2013-14 had exports registering an overall growth of 7 % as compared to previous year 2012-13, with good growth in M & HCV segment (21%), three wheeler segment (17%), two wheeler segment (6%) and passenger vehicles segment (6%), but a negative growth in the LCV segment (-4%).

Your company showed an overall growth of 5% in sales during the year 2013-14, as compared to year 2012-13, with a phenomenal growth of 27% in Exports, and a negative growth of 12% in the domestic OE segment and 5% in after market sales.

Your company also introduced a wider range of Commercial Vehicle Disc pads in the Exports segment.

Opportunities and threats:

Your company is in the process of continuously gearing up to meet Friction material requirements of new generation commercial vehicles that are expected to be launched in the medium term with the development of new generation Asbestosfree brake linings.

In view of the changing trends in the world market, from drum brake linings to disc brakes for commercial vehicles, your company is giving special focus on Commercial Vehicle Disc Pad business.

Threats are expected to continue from new Friction Material Manufacturers in organized sector increasing competitive pressures and manufacturers in unorganized sector offering low priced asbestos & non-asbestos linings for Medium & Heavy Commercial vehicles.

Your company as a three year strategy is focusing on improving its foot print in the two wheeler and passenger vehicle segment, and are closely working with select OEM's in order to tap this area.

Risk and concerns:

Besides continued increasing input raw material costs, steep increase in power cost coupled with power cuts would continue to be the major threats for your company to deal with during 2014-15.

Human Resources / Industrial Relations:

The industrial relations in all five plants of the Company continued to be cordial. Retention of talented and trained manpower would continue to be a challenge and your company is in the process of continuously putting various initiatives in this area. The total number of employees on roll as on 31st March 2014 in all the Plants was 1482.

Quality and Quality Management Systems:

Your Company is continuing its focus on improvements to the quality systems at all levels through Total Employee Involvement with a view to provide higher customer satisfaction. It is also closely monitoring and focusing various cost reduction and cost control initiatives in various areas of operations to achieve planned targets during the year.

Internal Control System:

The company maintains a system of internal control including adequate monitoring procedures. The internal auditors ensure operational control at various locations of the Company on a regular basis. Any irregularity or significant issues are brought to the attention of the Audit Committee of the Board and the Chairman and Managing Director of the Company and countermeasures are taken for complying with the system.

Financial and Operational performance:

Rs. in lacs

Particulars	Year 2013-14	Year 2012-13
Revenue from Operations	24,873.89	23,218.22
Other Income	38.62	52.82
TOTAL INCOME	24,912.51	23,271.04
Cost of materials consumed	12,280.71	12,079.90
Changes in inventories of finished goods & work-in-progress	450.12	(770.64)
Employee benefit expenses	3,406.88	3,432.87
Finance cost	292.66	299.81
Depreciation and amortization expense	810.92	779.77
Other expenses	7,998.83	7,860.02
Total expenditure	24,947.46	23,681.73
Profit before tax & before exceptional item	(327.61)	(410.69)
Exceptional item - Write-back of earlier years' excess depreciation charged now reversed	339.71	-
Profit before tax after exceptional item	12.10	(410.69)
Tax expense		
Current Tax	(0.05)	(0.25)
Prior Period Tax	(409.29)	(45.86)
Deferred Tax asset / (Liability)	(124.40)	16.00
Profit / (Loss) for the period	(521.64)	(440.80)

Note: Previous year figures have been regrouped wherever necessary to conform to this year's classification.

Cautionary statement:

Certain statements in the "Management Discussion and Analysis Report" may be forward looking and are as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

INDEPENDENT AUDITORS' REPORT

To

THE MEMBERS OF SUNDARAM BRAKE LININGS LIMITED

A. Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram Brake Linings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

B. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") (read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

C. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

D. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

E. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956 (read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013);
 - e. On the basis of written representations received from the Directors as on 31st March 2014, and taken on record by the Board Of Directors, none of the directors is disqualified as on March 31,2014, from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Registration Number: 004207S

P MENAKSHI SUNDARAM
Partner
Membership No.217914

Madurai
May 26, 2014

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE

1. The nature of the Company's business / activities during the year is such that, to the best of our knowledge and the information and explanation given to us, clauses (xiii) and (xiv) of Paragraph 4 of the Order are not applicable to the Company.
 2. In respect of fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. All fixed assets have been physically verified by the management during the year in accordance with a programme of verification, which in our opinion provides for physical verification of all fixed assets at reasonable intervals. According to information and explanation given to us, no material discrepancies were noticed on such verification.
 - c. During the year, the Company has not disposed off a substantial part of its fixed assets.
 3. In respect of its inventories:
 - a. The stock of finished goods, spare parts and raw material has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records for inventory. The discrepancies noticed on physical verification by the management, which reported to be not material, have been properly dealt with in the books of accounts.
 4. According to information and explanation given to us, the company has neither granted nor taken any loans, Secured or Unsecured to / from companies, firms or other parties covered in the register maintained u/s 301 of the Act.
 5. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services and there is no continuing failure to correct major weakness in the aforesaid internal control system.
 6. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Act:
 - a. To the best of our knowledge and according to the information and explanations given to us, particulars of contracts and arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under this section.
 - b. According to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
 7. The Company has not accepted any deposits from the public.
 8. The Company has an Internal Audit System, the scope and coverage of which is commensurate with its size and nature of its business.
 9. On the basis of records produced we are of the opinion that prima-facie the cost records and accounts prescribed by the Government of India under Section 209(1)(d) of the Companies Act, 1956, have been made and maintained by the Company. We have not, however, made a detailed examination of the records with a view to determine whether these are accurate and complete.
 10. According to information and explanation given to us, in respect of statutory dues:
 - a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Cess, Excise Duty, Service Tax and any other Statutory dues with the appropriate authorities.
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- b) According to the information & explanations given to us, the following are the details of the disputed dues that were not deposited with the authorities concerned:

(Rs. In lakhs)

Nature of Statute	Nature of dues	Assessment year	Forum where dispute is pending	Amount
Income Tax Act, 1961	Income Tax	2008-2012	Commissioner of Income Tax (Appeals)	990.00
Central Sales Tax Act, 1956	Central Sales Tax	1991-1993	Appellate Assistant Commissioner of Sales Tax	13.68
		2009-2011	Sales Tax Appellate Tribunal	18.11
Tamil Nadu VAT Act, 2006	VAT	2007-2009 & 2010-2012	The Hon'ble High Court at Madras	12.03
Finance Act, 1994	Service Tax	2007-2010	The Hon'ble High Court at Madras	8.69
		2007-2009	Assistant Commissioner of Central Excise	3.68
		1999-2004	The Hon'ble Supreme Court of India	2.68

11. There are no accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayments to banks or financial institutions.
13. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from Banks or financial Institutions. Hence, the relative reporting requirements are not applicable.
15. According to the information and explanation given to us, term loans availed by the Company were prima-facie applied by the Company for the purpose for which the loans were obtained.
16. According to the Cash Flow Statement and other records examined by us and other information and explanations given to us, and on an overall examination, no funds raised on short term basis have been used for long term investment.
17. According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act 1956 during the year.
18. According to the information and explanation given to us, the Company has not issued any debentures during the year.
19. The Company has not raised money from the public issues during the year and hence the relative reporting requirements are not applicable.
20. Based on our audit, information and representations received from the management we have no reason or evidence that lead us to believe that any fraud on or by the Company were noticed or reported during the year.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Registration Number: 0042075

P MENAKSHI SUNDARAM
Partner
Membership No.217914

Madurai
May 26, 2014

SUNDARAM BRAKE LININGS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2014

	Note No.	As at 31.03.2014		Rs. in lacs As at 31.03.2013
(I) EQUITY AND LIABILITIES:				
1. Shareholders' Funds				
a) Share Capital	2	393.46	393.46	
b) Reserves and Surplus	3	<u>8,265.71</u>	<u>8,787.35</u>	
		8,659.16		9,180.81
2. Non-current Liabilities				
a) Long-Term Borrowings	4	1,296.35	1,278.55	
b) Deferred Tax Liabilities (Net)	5	1,280.77	1,156.37	
c) Long Term Provisions	6	<u>78.04</u>	<u>74.15</u>	
		2,655.16		2,509.07
3. Current Liabilities				
a) Short-term Borrowings	7	2,755.03	2,536.41	
b) Trade Payables	8	2,299.72	2,301.62	
c) Other Current Liabilities	9	555.05	312.64	
d) Short-term Provisions	10	<u>1,338.16</u>	<u>692.41</u>	
		6,947.96		5,843.08
TOTAL		<u>18,262.28</u>		<u>17,532.96</u>
(II) ASSETS				
1. Non-current Assets				
a) Fixed Assets	11			
(i) Tangible Assets		<u>8,715.24</u>	<u>8,603.23</u>	
		8,715.24		8,603.23
b) Non-Current Investments	12	0.01	0.01	
c) Long-term Loans & Advances	13	<u>389.44</u>	<u>325.24</u>	
		389.45		325.25
2. Current Assets				
a) Current Investments	14	0.59	0.00	
b) Inventories	15	2,300.23	2,474.21	
c) Trade Receivables	16	5,764.31	5,111.92	
d) Cash and Cash Equivalents	17	395.14	365.35	
e) Short term loans and advances	18	<u>697.32</u>	<u>653.00</u>	
		9,157.59		8,604.48
TOTAL		<u>18,262.28</u>		<u>17,532.96</u>
Significant Accounting Policies	1			
See Accompanying Notes to the Financial Statements				

K MAHESH
Chairman & Managing Director

K RAMESH
Director

T KANNAN
Director

As per our Report Annexed
for SUNDARAM & SRINIVASAN

ASHOK V CHOWGULE
Director

K S D SAMBASIVAM
Director

KRISHNA MAHESH
Joint Managing Director

Chartered Accountants
(FRN 004207 S)

Place : Madurai
Date : May 26, 2014

S RAMABADRAN
Financial Controller & Secretary

P MENAKSHI SUNDARAM
Partner
Membership No.217914

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

	Note No.	For the Year ended 31.03.2014	Rs. in lacs For the Year ended 31.03.2013
I. Revenue from Operations	19	24,661.64	23,166.84
II. Other Income	20	250.87	104.20
III. Total Revenue		<u>24,912.51</u>	<u>23,271.04</u>
IV. Expenses			
Cost of materials consumed	21	12,280.71	12,079.90
Changes in inventories of finished goods & work-in-progress	22	450.12	(770.64)
Employee benefit expenses	23	3,434.87	3,432.87
Finance cost	24	292.66	299.81
Depreciation and amortisation expense	11	810.92	779.77
Other expenses	25	7,970.84	7,860.02
Total expenses		<u>25,240.12</u>	<u>23,681.73</u>
V. Profit / (Loss) before exceptional and extra-ordinary items and tax		(327.61)	(410.69)
VI. Exceptional items	26	339.71	-
VII. Profit / (Loss) before extra-ordinary items and tax (V - VI)		<u>12.10</u>	<u>(410.69)</u>
VIII. Extra-ordinary items		-	-
IX. Profit / (Loss) Before Tax (VII - VIII)		<u>12.10</u>	<u>(410.69)</u>
X. Tax expense:			
- Current Tax		(0.05)	(0.25)
- Prior Period Tax		(409.29)	(45.86)
- Deferred Tax Liability (net)		(124.40)	-
- Deferred Tax Asset (net)		-	16.00
XI. Profit / (Loss) for the period from continuing operations		<u>(521.64)</u>	<u>(440.80)</u>
XII. Profit / (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit / (Loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit / (Loss) for the period (XI + XIV)		<u>(521.64)</u>	<u>(440.80)</u>
XVI. Earnings per equity share - Basic and Diluted Rs. (Face Value Rs. 10)	27	(13.26)	(11.20)
Significant Accounting Policies	1		
See Accompanying Notes to the Financial Statements			

K MAHESH
Chairman & Managing Director

K RAMESH
Director

T KANNAN
Director

As per our Report Annexed
for SUNDARAM & SRINIVASAN

ASHOK V CHOWGULE
Director

K S D SAMBASIVAM
Director

KRISHNA MAHESH
Joint Managing Director

Chartered Accountants
(FRN 004207 S)

Place : Madurai
Date : May 26, 2014

S RAMABADRAN
Financial Controller & Secretary

P MENAKSHI SUNDARAM
Partner
Membership No.217914

SUNDARAM BRAKE LININGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	For the year ended 31.03.2014	Rs. in lacs For the year ended 31.03.2013
A Cash flow from Operating Activities:		
Net Profit / (Loss) Before Tax	12.10	(410.69)
Less: Exceptional Item:		
Write-back of earlier years' depreciation no longer required and reversed	(339.71)	—
Net Profit Before Tax and Exceptional items	(327.61)	(410.69)
Adjustments for :		
Interest (net)	255.04	251.94
Unrealised Foreign Exchange Loss / (Gain)	(3.00)	79.18
(Profit) / Loss on sale of assets (net)	(0.16)	(4.10)
Depreciation	810.92	779.77
Operating Profit before Exceptional items & Working Capital changes	735.17	696.10
Write-back of earlier years' excess depreciation charged now reversed	339.71	—
Adjustments for :		
Trade & other receivables	(652.39)	103.52
Inventories	173.99	(688.77)
Loans & Advances	(546.49)	4.82
Trade Payables	563.94	346.64
Cash generation from operations	613.93	462.31
Income Tax (Paid) / Refund	216.57	(44.00)
Net Cash from Operating Activities - "A"	<u>830.50</u>	<u>418.31</u>
B Cash flow from Investing Activities		
Purchase of fixed assets	(583.94)	(590.51)
Increase in Fixed Assets due to write-back of earlier years' excess depreciation charged, now reversed	(378.02)	—
Interest Received	37.62	47.88
Sale / deletion of fixed assets	0.71	69.99
(Purchase) / Repayment of investments	(0.59)	52.50
Net Cash used in Investing Activities - "B"	<u>(924.22)</u>	<u>(420.13)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Rs. in lacs

	For the year ended 31.03.2014	For the year ended 31.03.2013
C Cash flow from Financing Activities		
Proceeds from / (reduction in) short term borrowings	218.62	(178.50)
Proceeds from long term borrowings	550.00	450.00
Repayment of long term borrowings	(282.20)	(247.20)
Interest paid	(292.66)	(299.81)
Dividend paid	0.00	(118.04)
Tax on Dividend paid	0.00	(19.15)
Net cash used in Financing Activities - "C"	193.76	(412.70)
Net increase in Cash and Cash Equivalents - A+B+C	100.04	(414.52)
Cash and Cash Equivalents as at the beginning	371.28	785.80
Cash and Cash Equivalents as at the end	471.32	371.28
Effect of exchange rate changes on cash and cash equivalents		
1. Cash & Cash Equivalents as per Balance Sheet	395.14	365.35
Unrealised Foreign Exchange Loss / (Gain)	(3.00)	79.18
	392.14	444.53
Unrealised Foreign Exchange Loss / (Gain) as on 1st April	79.18	(73.25)
Cash & Cash Equivalents as per Cash Flow Statement	471.32	371.28

2. The above statements have been prepared in indirect method except in case of interest, dividend and direct taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets and liabilities.

3. Cash and Cash Equivalent represent Cash and Bank balances only.

See Significant Accounting Policies and accompanying Notes to the Financial Statements.

K MAHESH
Chairman & Managing Director

K RAMESH
Director

T KANNAN
Director

As per our Report Annexed
for SUNDARAM & SRINIVASAN
Chartered Accountants
(FRN 004207 S)

ASHOK V CHOWGULE
Director

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KRISHNA MAHESH
Joint Managing Director

Place : Madurai
Date : May 26, 2014

S RAMABADRAN
Financial Controller & Secretary

P MENAKSHI SUNDARAM
Partner
Membership No.217914

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The books of accounts are maintained on accrual basis as a going concern.

b) Valuation of Inventories

Inventories other than Finished Goods are valued at cost on Weighted average basis. Finished goods are valued at cost or net realisable value whichever is lower. Work-in-progress is valued at raw material cost plus cost of conversion excluding interest.

c) Cash flow statement

Cash Flow Statement has been prepared under "Indirect Method".

d) Depreciation

Depreciation has been charged on Straight Line Method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

e) Revenue recognition

The sales include sale of products manufactured, bought out components and scrap sales but are net of trade discounts and exclusive of sales tax / VAT where applicable. Interest income is recognised on a time proportion basis. Insurance claims are recognised on certainty of realisation.

f) Fixed assets

Fixed assets are stated at cost less depreciation. All cost relating to the acquisition and installation of fixed assets are capitalized. Interest on loans availed for acquiring fixed assets is capitalized only upto the date the assets are put to use.

g) Foreign currency transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Transactions in foreign exchange, which are covered by forward contracts, are accounted at the contracted rate, the difference between the forward rate and the exchange rate at the date of transaction being recognized in the profit and loss statement. Foreign exchange transactions, which are outstanding as at the year-end and not covered by the forward contracts, are translated at the year-end exchange rate. Gains and losses arising on account of such revisions are reflected in the profit and loss statement.

h) Derivatives

The Company deals in derivative instruments, viz., forward contracts, to hedge its exposures against movements in parity rates of the currencies. The use of these forward contracts to some extent reduces the impact arising out of the adverse movement of currencies. The losses / gains, if any, arising under the contracts which are not closed as of the year-end, are recognized in the accounts based on Accounting Standards AS-1, AS-11 and AS-30 as well as the press note issued by the Institute of Chartered Accountants of India.

i) Investments

Investments are accounted at cost.

j) Retirement benefits

Company's contribution to provident fund, superannuation fund and gratuity fund are made to the respective Trusts and charged to the profit and loss statement. Provision for leave salary in respect of encashable leave has been provided for according to the service rules of the Company based on actuarial valuation. The necessary disclosures as per Revised AS 15 have been made as part of Notes on Accounts.

k) Borrowing cost

Borrowing cost has been treated in accordance with the Accounting Standard on Borrowing Cost (AS – 16) issued by the Institute of Chartered Accountants of India.

NOTES ON FINANCIAL STATEMENTS (Contd.)

l) Excise duty

Excise duty in respect of closing inventory of finished goods is included as part of inventory. The amount of CENVAT credits in respect of materials consumed is deducted from the cost of materials consumed.

m) Segment reporting

The operations of the Company relate only to one segment viz., friction materials which is covered in this report.

n) Related party transactions

The information on related party transactions furnished in this report was compiled based on the guidelines issued by The Institute of Chartered Accountants of India under Accounting Standard on Related Party Transactions (AS –18).

o) Leases

The Company has entered into a lease agreement for acquiring land which is exempt from the coverage of Accounting Standard 19 on Lease.

p) Taxes on income

Provision for income tax is made on the basis of estimated taxable income for the year. Deferred tax resulting from timing differences between the book and the tax profits is accounted at the current rate of tax to the extent that the time differences are expected to crystallise. Deferred tax asset and liability are set off and net amount is shown in the Balance Sheet.

2. SHARE CAPITAL

Authorised

50,00,000 (PY-50,00,000)
equity shares of Rs. 10/- each

Issued, Subscribed and Paid-up

39,34,575 (PY - 39,34,575)
equity shares of Rs.10/- each fully paid-up

	As at 31.03.2014	Rs. in lacs As at 31.03.2013
	500.00	500.00
	393.46	393.46

- The Company has issued only one class of shares referred to as equity shares having a par value of Rs. 10/-.
- Each holder of equity shares is entitled to one vote per share.
- The Company declares and pays dividends in Indian Rupees.
- Except interim dividend which is declared and paid based on the decision of the Board of Directors, all other dividends are proposed by the Board of Directors and paid on approval of the shareholders at the Annual General Meeting.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- During the last five years immediately preceding the date of the Balance Sheet, the Company has not issued any shares as bonus shares or without payment being received in cash nor has bought back any shares.

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

- g) Following are the shareholders holding more than 5% equity shares and the number of equity shares held by each of them:

Name of the Shareholder	As at 31.03.2014		As at 31.03.2013	
	No. of shares held	% of total shares	No. of shares held	% of total shares
T V SUNDRAM IYENGAR AND SONS LIMITED	552,955	14.05	552,955	14.05
SOUTHERN ROADWAYS LIMITED	478,500	12.16	478,500	12.16
MAHESH K	395,842	10.06	395,842	10.06
SUNDARAM INDUSTRIES LIMITED	253,835	6.45	253,835	6.45

	As at 31.03.2014		Rs. in lacs As at 31.03.2013	
3. RESERVES AND SURPLUS				
a) Capital Reserves				
i) Share premium account				
As per last Balance Sheet	1,700.43		1,700.43	
ii) Reissue of forfeited shares				
As per last Balance Sheet	0.03		0.03	
Total (i+ii)	1,700.46		1,700.46	
b) Revenue Reserves				
i) General Reserve - I				
As per last Balance Sheet	1,224.97		1,224.97	
Transferred from Surplus	—		—	
	1,224.97		1,224.97	
ii) General Reserve - II				
As per last Balance Sheet	5,738.19		5,738.19	
Transferred from / (to) Surplus	(400.00)		—	
	5,338.19		5,738.19	
iii) Surplus from Statement of Profit And Loss				
As per last Balance Sheet	123.73		564.53	
Profit / (Loss) for the year	(521.64)		(440.80)	
	(397.91)		123.73	
Transfer to General Reserve I	0.00		0.00	
Transfer (to) / from General Reserve II	400.00		0.00	
Proposed dividend	0.00		0.00	
Tax on dividend including surcharge and cess	0.00		0.00	
	2.09		123.73	
Total (i+ii+iii)	6,565.25		7,086.89	
	8,265.71		8,787.35	

NOTES ON FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2014	Rs. in lacs As at 31.03.2013
4. LONG-TERM BORROWINGS		
Secured Borrowings		
Term Loan from Banks		
a) From Export-Import Bank of India secured by exclusive charge on the movable and immovable fixed assets financed out of the Term Loan and a first charge on the land situated at Mahindra World City, SEZ, Kancheepuram District near Chennai and repayable in 20 quarterly instalments ending during 2016-17	546.35	828.55
b) From State Bank of India, Industrial Finance Branch, Chennai secured by first charge on fixed assets created out of the Corporate Loan repayable in 16 quarterly instalments ending during March 2018	750.00	450.00
	<u>1,296.35</u>	<u>1,278.55</u>
5. DEFERRED TAX LIABILITIES (NET)		
a) Deferred Tax Liability		
On account of depreciation	1,353.65	1,225.20
b) Deferred Tax Asset		
On account of employee benefits	72.88	68.83
	<u>1,280.77</u>	<u>1,156.37</u>
6. LONG-TERM PROVISIONS		
On account of employee benefits	78.04	74.15
	<u>78.04</u>	<u>74.15</u>
7. SHORT-TERM BORROWINGS		
Loans and Advances from a Bank:		
Cash Credit and Export Packing Credit from State Bank of India secured by first charge on present and future current assets and extension by way of second charge on other fixed assets - present and future (excluding vehicles)	2,755.03	2,536.41
	<u>2,755.03</u>	<u>2,536.41</u>
8. TRADE PAYABLES		
Sundry creditors	2,299.72	2,301.62
	<u>2,299.72</u>	<u>2,301.62</u>
Included in Sundry Creditors is an amount of Rs.791.69 lakhs (PY – Rs.169.20 lakhs) due to micro enterprises and small enterprises (based on information available with the Company).		

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2014	Rs. in lacs As at 31.03.2013
a) Principal amount remaining unpaid	791.69	169.20
b) Interest due thereon	-	-
c) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount paid to the supplier beyond the appointed day during the year	-	-
d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
e) Interest accrued and remaining unpaid	-	-
f) Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-
9. OTHER CURRENT LIABILITIES		
a) Current maturities of long term debt:		
i. From Export-Import Bank of India referred to in 4(a) above	282.20	282.20
ii. From State Bank of India referred to in 4(b) above	250.00	-
b) Advances from customers	5.73	7.92
c) Interest accrued but not due on loans	3.32	4.64
d) Unclaimed dividend	13.80	17.88
	<u>555.05</u>	<u>312.64</u>
10. SHORT-TERM PROVISIONS		
a) Provision for employee benefits	44.89	36.49
b) Provision for expenses	1,105.39	655.92
c) Provision for Tax (net of Advance Tax)	187.88	-
d) Provision for Dividend	-	-
e) Provision for Tax (including surcharge & cess) on dividend	-	-
	<u>1,338.16</u>	<u>692.41</u>

NOTES ON FINANCIAL STATEMENTS (Contd.)

11. FIXED ASSETS

Tangible Assets

Rs. in lacs

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION						NET CARRYING VALUE		
	Opening Balance	Earlier period's Adjustments	Additions through Business combination	Disposals	At the end of the year	Opening Balance	Write-back of earlier years' excess depreciation charged	For the Year	On disposals	Impairment loss/Reversal of Impairment Loss for the year	At the end of the year	As at 31.03.2014	As at 31.03.2013
Land- Freehold	133.66	-	-	-	133.66	-	-	-	-	-	-	133.66	133.66
- Leasehold	322.94	-	-	-	322.94	22.92	0.00	3.26	-	-	26.19	296.75	300.02
Buildings	2,159.31	10.67	-	-	2,169.98	739.77	(6.75)	66.99	-	-	800.02	1,369.96	1,419.54
Plant & Equipment	13,515.30	(32.89)	553.77	-	14,036.18	6,866.48	(321.40)	705.29	-	-	7,250.36	6,785.81	6,648.83
Furniture & Fixtures	125.24	0.02	0.72	-	125.98	100.81	(10.47)	7.57	-	-	97.91	28.07	24.43
Office Equipments	122.95	0.09	2.56	-	125.61	68.11	(5.80)	4.97	-	-	67.28	58.33	54.84
Others - Computers	211.29	-	14.97	-	226.26	206.94	(21.70)	17.74	-	-	202.98	23.28	4.35
Vehicles	55.37	(5.54)	1.25	5.10	45.98	37.80	(11.91)	5.09	4.39	-	26.60	19.38	17.57
Total	16,646.06	(38.32)	583.94	5.10	17,186.58	8,042.83	(378.02)	810.92	4.39	-	8,471.33	8,715.24	8,603.23
Intangible asset - Licence Fees for Windows software application	21.02	-	-	-	21.02	21.02	-	-	-	-	21.02	-	-
Previous Year	16,125.55	-	590.51	69.99	16,646.06	7,327.10	-	779.76	64.04	-	8,042.83	8,603.23	-

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2014	Rs. in lacs As at 31.03.2013
12. NON-CURRENT INVESTMENTS		
Unquoted Investments - Non-Trade		
a) 500 shares (Previous Year 500 shares) of Re.1/- each fully paid up of TVS Co-operative Stores Limited (cost Rs.500/-)	0.01	0.01
	<u>0.01</u>	<u>0.01</u>
13. LONG-TERM LOANS & ADVANCES - UNSECURED AND CONSIDERED GOOD		
a) Capital Advances	198.74	133.02
b) Security Deposits	157.61	166.75
c) Other loans & advances		
i) Advances to employees	9.12	9.14
ii) Disputed Income Tax / Sales Tax paid	23.96	16.33
	<u>33.09</u>	<u>25.47</u>
	<u>389.44</u>	<u>325.24</u>
14. CURRENT INVESTMENTS		
Investments in equity instruments - unquoted Non-trade 5,939 equity shares (Previous Year - Nil) of Rs.10/-each fully paid up of Engineered Power Resources India Private Limited (cost Rs.59,390/-)	0.59	-
	<u>0.59</u>	<u>-</u>
15. INVENTORIES		
a) Raw Materials:		
i) In stock	728.46	829.76
ii) In transit	300.30	33.66
b) Work-in-progress	184.20	177.99
c) Finished goods	658.31	1,114.64
d) Stores & spares	333.25	243.72
e) Loose tools	95.71	74.44
	<u>2,300.23</u>	<u>2,474.21</u>
Inventories other than Finished Goods are valued at cost on Weighted average basis. Finished goods are valued at cost or net realisable value whichever is lower. Work-in-progress is valued at raw material cost plus cost of conversion excluding interest.		
Provision for excise duty on Finished goods manufactured but remaining in stock at the end of the year	32.91	42.82

NOTES ON FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2014	Rs. in lacs As at 31.03.2013
16. TRADE RECEIVABLES		
(Unsecured, considered good)		
a) More than six months	2.15	2.03
b) Others	<u>5,762.16</u>	<u>5,109.89</u>
	<u><u>5,764.31</u></u>	<u><u>5,111.92</u></u>
17. CASH AND CASH EQUIVALENTS		
a) Balances with banks		
i) On Current Account with banks	71.84	39.30
ii) On Deposit Accounts with banks with maturity less than three months from Balance Sheet Date	<u>300.00</u>	<u>300.00</u>
	371.84	339.30
iii) Cash on Hand	<u>9.50</u>	<u>8.17</u>
	<u>381.34</u>	<u>347.47</u>
b) Other Balances		
i) Earmarked balances with banks - for unclaimed dividends	<u>13.80</u>	<u>17.88</u>
	13.80	17.88
	<u><u>395.14</u></u>	<u><u>365.35</u></u>
18. SHORT TERM LOANS AND ADVANCES - UNSECURED, CONSIDERED GOOD		
i) Prepaid Expenses	95.07	89.79
ii) Balances with Central Excise	193.60	129.86
iii) Cenvat Credit in VAT	60.01	18.48
iv) Advance Income tax less provisions	-	216.60
v) Advances for expenses	<u>348.64</u>	<u>198.27</u>
	<u><u>697.32</u></u>	<u><u>653.00</u></u>
19. REVENUE FROM OPERATIONS		
a) Sale of Products	26,261.69	25,109.95
b) Other operating revenue		
i) Export duty drawback	134.54	68.67
ii) Export incentive	104.19	-
iii) Scrap Sales	52.66	46.41
iv) Miscellaneous Income	<u>8.54</u>	<u>13.03</u>
	299.93	128.12
	<u>26,561.62</u>	<u>25,238.07</u>
Less Excise Duty	<u>1,899.98</u>	<u>2,071.23</u>
	<u><u>24,661.64</u></u>	<u><u>23,166.84</u></u>

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

	Year ended 31.03.2014	Rs. in lacs Year ended 31.03.2013
20. OTHER INCOME		
a) Interest Income	37.62	47.88
b) Gain / (loss) on foreign currency transactions	212.25	51.38
c) Other Non-Operating Revenue		
i) Profit / (loss) on sale of assets (net)	0.16	4.10
ii) Rent	0.84	0.84
	<u>1.00</u>	<u>4.94</u>
	<u>250.87</u>	<u>104.20</u>
21. COST OF MATERIALS CONSUMED - RAW MATERIALS & COMPONENTS		
Opening Stock : Raw materials & Components	829.76	973.85
Add: Purchase of Raw Materials & Components	12,179.41	11,935.81
	<u>13,009.17</u>	<u>12,909.66</u>
Less : Closing Stock -Raw materials & Components	728.46	829.76
	<u>12,280.71</u>	<u>12,079.90</u>
Raw materials comprises of resins, glass fibre and other metals and chemicals		
22. CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS		
a) Opening Stocks:		
i) Work in progress	177.99	148.41
ii) Finished goods	1,114.64	373.58
	<u>1,292.63</u>	<u>521.99</u>
b) Closing Stocks:		
i) Work in progress	184.20	177.99
ii) Finished goods	658.31	1,114.64
	<u>842.51</u>	<u>1,292.63</u>
Net (increase)/decrease	<u>450.12</u>	<u>(770.64)</u>
23. EMPLOYEE BENEFIT EXPENSES		
a) Salaries, wages, bonus	2,668.43	2,637.79
b) Contribution to Employee benefit funds:		
i) Provident Fund	121.89	120.09
ii) Gratuity Fund	10.57	30.09
iii) Other funds	22.85	6.57
c) Staff welfare expenses	611.13	638.33
	<u>3,434.87</u>	<u>3,432.87</u>
24. FINANCE COST		
a) Interest expense	292.66	299.81
b) Other borrowing cost	-	-
	<u>292.66</u>	<u>299.81</u>

NOTES ON FINANCIAL STATEMENTS (Contd.)

	Year ended 31.03.2014	Rs. in lacs Year ended 31.03.2013
25. OTHER EXPENSES		
a) Stores consumed : Stores and spares		
i) Stores and Spares	590.84	503.97
ii) Loose Tools	296.57	244.28
	<u>887.41</u>	<u>748.25</u>
b) Power and Fuel	3,332.38	3,694.88
c) Rates & Taxes	82.58	127.78
d) Insurance	61.71	48.08
e) Repairs to Building	197.89	141.63
f) Repairs to Machinery	218.61	231.40
g) Other Repairs	53.84	36.14
h) Travelling expenses	245.99	222.95
i) Packing & Forwarding	1,252.40	1,215.36
j) Advertisement & Publicity	80.42	66.07
k) Managerial Remuneration & Sitting fee	61.79	11.33
l) Auditors' remunerations		
i) As auditors	8.43	7.87
ii) Tax Audit Fees	0.56	0.56
iii) Other services	4.67	6.65
iv) Reimbursement of expenses	0.55	0.43
	<u>14.21</u>	<u>15.51</u>
m) Postage & Telephones	59.33	61.37
n) Research & Development expenses - refer Note no. 29 (c) (ii)	612.00	511.48
o) Commission on Sales	467.57	385.39
p) Miscellaneous expenses	342.72	342.40
	<u>7,970.84</u>	<u>7,860.02</u>
26. EXCEPTIONAL ITEM		
Write-back of earlier years' excess depreciation charged now reversed based on physical verification of fixed assets and reconciliation	339.71	-
	<u>339.71</u>	<u>-</u>

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

	Year ended 31.03.2014	Rs. in lacs Year ended 31.03.2013
27. EARNING PER SHARE		
Earning per share is calculated by dividing the profit attributable to shareholders by the number of equity shares outstanding during the year. The earning per share is calculated as follows:		
Profit after tax - Rs. lacs	(521.64)	(440.80)
Number of Equity shares	39,34,575	39,34,575
Face value per share	Rs. 10	Rs. 10
Earnings per share (EPS)	Rs. (13.26)	Rs. (11.20)
28. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
a) Estimated value of contracts remaining to be executed:		
- On Capital Account (net)	-	-
- Others	77.82	67.77
b) Income Tax / Sales Tax liability in appeal.	630.98	191.57
c) Liability towards Labour cases	10.86	7.86
d) Other Contingent Liabilities :		
i) Bank Guarantees for Domestic sales	113.28	35.83
ii) Bank Guarantees for purchase of third party power	43.27	90.74
iii) Letters of Credit for Bills negotiated for Export Sales	78.56	-
29. OTHER INFORMATION		
a) Imports on CIF basis:		
i) Raw Materials	2,239.80	2,179.94
ii) Components, Spare Parts etc.,	47.31	41.64
iii) Capital Goods	122.88	-
b) Expenditure in Foreign Currency:		
i) Royalty, Consultancy & Retainer Fee	35.18	51.84
ii) Others	255.23	197.24
c) Research & Development Expenditure on the in-house R&D facility approved by the Department of Scientific & Industrial Research, New Delhi		
i) Capital expenditure	176.91	26.40
ii) Revenue expenditure		
- Raw Material & Components consumed	16.94	21.63
- Salaries, Wages & Bonus	199.14	199.83
- Stores & Tools consumed	93.48	74.47
- Power cost	37.42	58.07
- Travelling expenses	19.78	11.69
- Product development expenses	91.96	123.30
- Other expenses	153.28	22.48
	<u>612.00</u>	<u>511.48</u>
	<u>788.92</u>	<u>537.88</u>

NOTES ON FINANCIAL STATEMENTS (Contd.)

	Value Rs. in lacs	%	Value Rs. in lacs	%
d) Value of imported and indigenous raw-materials, spares and components consumed during the year and their percentages to total consumption				
i) Raw Materials				
Imported - Glass Fibres & Metals	320.35	2.6%	110.17	0.9%
Imported - Chemicals & Minerals	1,413.63	11.5%	1,256.11	10.4%
Total	1,733.98	14.1%	1,366.28	11.3%
Indigenous - Glass Fibres, Resins & Metals	5,314.44	43.3%	5,158.02	42.7%
Indigenous - Chemicals & Minerals	3,377.85	27.5%	3,486.53	28.9%
Indigenous - Components & others	1,854.44	15.1%	2,069.06	17.1%
	12,280.71	100.0%	12,079.90	100.0%
ii) Spares :				
Imported	5.80	2.0%	3.64	1.5%
Indigenous	288.55	98.0%	232.38	98.5%
	294.35	100.0%	236.02	100.0%
e) Earnings in Foreign Exchange :				
i) FOB value of goods exported		10,698.20		8,342.03
ii) Exchange fluctuation on Foreign Currency A/c (Net)		212.25		51.38

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

30. RELATED PARTY DISCLOSURE AS REQUIRED BY AS - 18

- a) Description of relationship and Names of related Parties
- i) Subsidiaries None
 - ii) Associates T V Sundram Iyengar & Sons Limited
 - iii) Key Management Personnel Mr K Mahesh, Chairman & Managing Director
Mr Krishna Mahesh, Joint Managing Director
 - iv) Relatives of Key Management Personnel Mrs Shrimathi Mahesh
Ms Shrikirti Mahesh
 - v) Enterprise with common Key Management Personnel None
 - vi) Enterprise in which relatives of Key Management Personnel have significant interest Alagar Farms Private Limited
Alagar Resins Private Limited

Rs. in Lacs

	Nature of transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises in which Relatives of Key Management Personnel have significant interest
a.	Purchases	1.71 (2.21)			3,614.27 (3,125.51)
b.	Sales	1,804.31 (2,322.17)			
c.	Interest received				
d.	Services received		59.79 (32.52)		
e.	Rent received	0.72 (0.72)			0.12 (0.12)
f.	Trade Receivables	199.25 (208.00)			
g.	Creditors	- -	- -		721.06 (631.19)

Figures in brackets are for Previous Year

31. DISCLOSURES REQUIRED UNDER ACCOUNTING STANDARD 15 (REVISED) "EMPLOYEE BENEFITS" NOTIFIED IN THE COMPANIES (ACCOUNTING STANDARDS) RULES 2006:

a) Defined Contribution Plan:

Contribution to Defined Contribution Plans are charged off for the year as under:

	31.03.2014	31.03.2013
Employer's Contribution to Provident Fund	137.68	139.09
Employer's Contribution to Superannuation Fund	35.05	26.57
	<u>172.73</u>	<u>165.66</u>

The Company had obtained exemption for its Provident Fund Trust under Section 17 of Employee's Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by trust vis-a-vis statutory rate.

NOTES ON FINANCIAL STATEMENTS (Contd.)

b) Defined Benefit Plan:

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

	As at / Year ended 31.03.2014		As at / Year ended 31.03.2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Rs. Lacs				
c) Reconciliation of opening and closing balances of Defined Benefit obligation				
Defined Benefit obligation as at beginning of the year	487.35	110.64	453.69	99.34
Current Service cost	30.61	14.55	27.48	18.02
Interest cost	38.99	7.25	36.30	7.16
Actuarial (gain) / loss	(8.72)	35.04	1.77	20.09
Benefits paid	(41.85)	(44.55)	(31.89)	(33.97)
Defined Benefit obligation as at end of the year	506.37	122.93	487.35	110.64
d) Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan assets at beginning of the year	523.12		483.86	
Expected return of plan assets	45.96		43.64	
Actuarial gain / (loss)	–		–	
Employer's contribution	12.28	44.55	27.51	33.97
Benefits paid	(41.85)	(44.55)	(31.89)	(33.97)
Fair value of plan assets at the end of the year	539.50		523.12	
e) Reconciliation of fair value of assets and obligations				
Fair value of plan assets as at the end of the year	539.50	–	523.12	–
Present value of obligation as at the end of the year	506.37	122.93	487.35	110.64
Amount not recognised / recognised in Balance Sheet	33.14	122.93	35.77	110.64
Expenses recognised during the year				
Current Service cost	30.61	14.55	27.48	18.02
Interest cost	38.99	7.25	36.30	7.16
Expected return on plan assets	(45.96)	–	(43.64)	–
Actuarial (gain) / loss	(8.72)	35.04	1.77	20.09
Net cost	14.92	56.84	21.91	45.28

SUNDARAM BRAKE LININGS LIMITED

NOTES ON FINANCIAL STATEMENTS (Contd.)

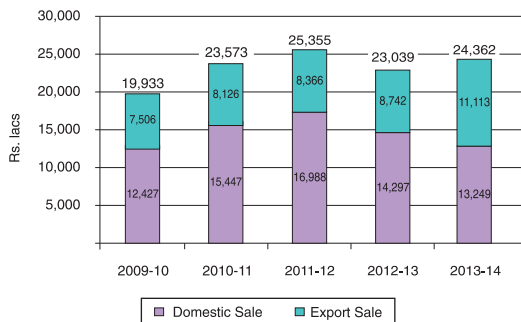
Investment details	31.03.2014		31.03.2013	
LIC Group Gratuity (Cash Accumulation) Policy	100%		100%	
f. Actuarial assumptions				
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	8.00%	9.10%	8.00%	8.20%
Expected rate of return on plan assets (per annum)	8.00%	0.00%	8.00%	0.00%
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by an actuary.

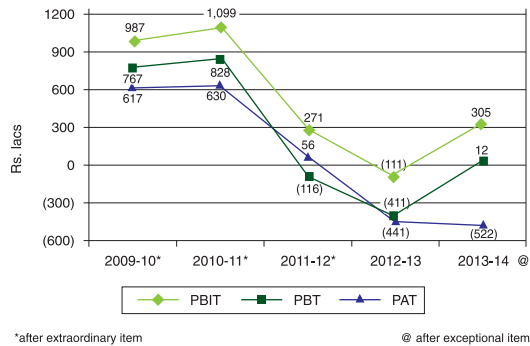
32. Figures for the previous year have been regrouped wherever necessary to conform to this year's classification.

K MAHESH Chairman & Managing Director	K RAMESH Director	T KANNAN Director	As per our Report Annexed for SUNDARAM & SRINIVASAN Chartered Accountants (FRN 004207 S)
ASHOK V CHOWGULE Director	K S D SAMBASIVAM Director	KRISHNA MAHESH Joint Managing Director	P MENAKSHI SUNDARAM Partner Membership No.217914
Place : Madurai Date : May 26, 2014	S RAMABADRAN Financial Controller & Secretary		

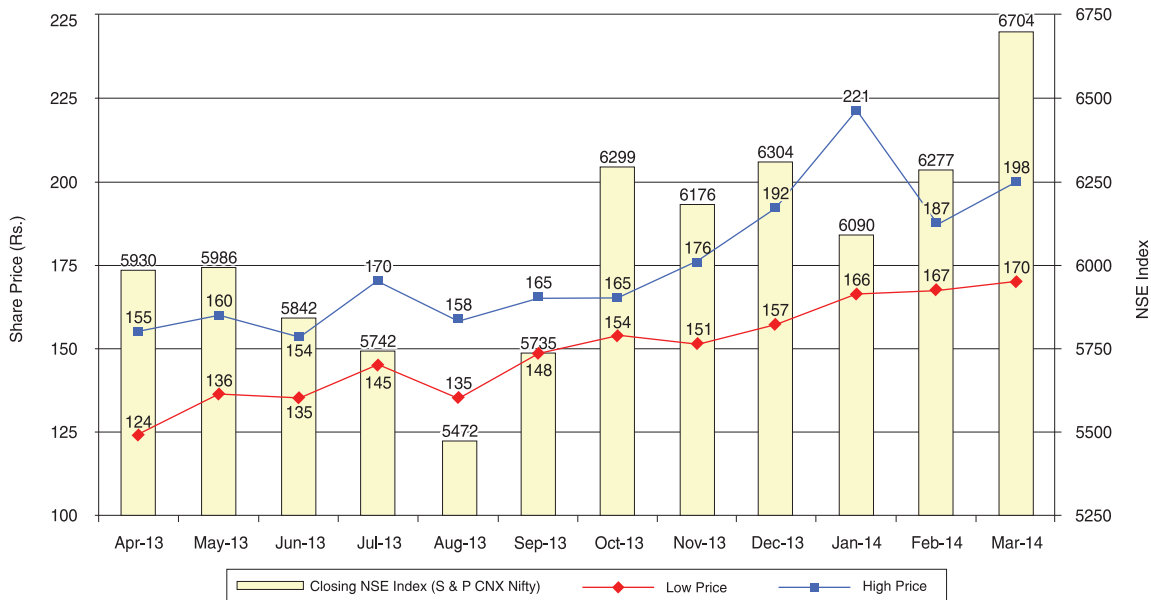
Net Sales



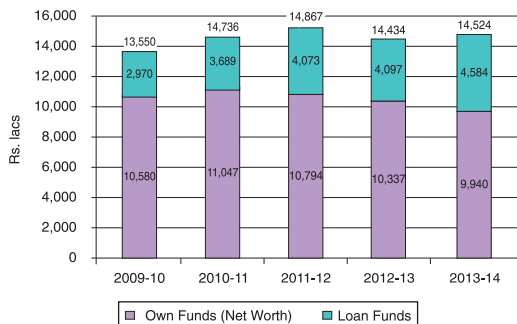
Profit Trend



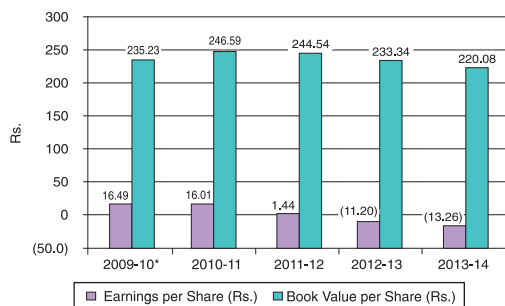
Share Price Movement & NSE Index



Capital Employed



Earnings per share & Book Value



*Adjusted for Rights Issue during 2009-10

